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PRC Said To Refuse SRV's Spratlys Proposal

OW3007112892 Tokyo KYODO in English 1109 GMT 30 Jul 92

[Text] Hanoi, July 30 KYODO—China has refused a Vietnamese proposal for a top-level meeting to settle their territorial dispute over the Spratly Islands, according to a reliable source in Hanoi.

The source quoted a letter from Beijing as telling the Vietnamese side it is not necessary to negotiate on the Spratlys and the Paracel Islands in the South China Sea, but instead on a demarcation line between the two countries in the Tonkin Gulf.

Beijing says the line, agreed on by the French administration in Indochina and the Chinese Qing Dynasty last century, is unfavorable to China.

The date, sender, and receiver of the letter are not available.

The letter is apparently in reply to Vietnamese Premier Vo Van Kiet's July 5 letter to his Chinese counterpart Li Peng, calling for a top-level meeting between the two countries to discuss and settle the disputes of sovereignty over the Spratlys.

China and Vietnam sent warships to the Spratlys in March 1988 and the resulting conflict caused 100 casualties. The two countries agreed in July 1991 in Bandung, Indonesia, along with other nations concerned to solve the issue through talks and negotiations.

China signed in May this year an agreement with Crestone Energy Corp. of the United States to explore for oil and gas on a continental shelf where Vietnam claims sovereignty, provoking a Vietnamese protest.

China erected a sovereignty mark on Da Lac Reef in the islands July 4, which prompted Kiet to write to Li the next day.

The sea around the islands is believed to be rich in oil and fish.

Vietnam and China normalized diplomatic relations last November after a 13-year suspension.

ASEAN To Hold Drug Talks With Burma, Laos

BK3007164592 Hong Kong AFP in English 1105 GMT 30 Jul 92

[Text] Kuala Lumpur, July 30 (AFP)—Southeast Asia's non-communist nations have agreed to take their war against the illicit drug scourge to the notorious Golden Triangle area where much of the world's opium and heroin comes from.

The six-member Association of Southeast Asian Nations (ASEAN) have decided to hold discussions with the authorities in Burma and Laos, two of the three nations in which the Golden Triangle is located, to break the region's drug supply route, ASEAN anti-narcotics officials said.

Thailand, parts of which make up the third end of the triangle, and Brunei, Indonesia, Malaysia, Singapore and the Philippines make up ASEAN.

"The decision to hold dialogues with them is to help check Southeast Asia's drug problem at the source," said Rahim Din, the chairman of the 15th meeting of the ASEAN senior officials on drug matters which ended here.

He said the dialogues with Burma and Laos would be a prelude to inviting them, together with Vietnam and Papua New Guinea, as observers for the next meeting.

The ASEAN meeting was aimed at identifying new projects in drug prevention, treatment, research and law enforcement among member countries.

Delegates said that by having direct contact with Burma and Laos, ASEAN could confirm statistics quoted by Western agencies on the amount of drugs flowing out of the Golden Triangle, a rugged, warlord controlled area.

They said ASEAN countries managed to check demand for drugs among their population but were unable to cut off supply, especially from the Golden Triangle, because of the lack of cooperation particularly from Burma and Laos.

ASEAN's efforts in combating the drug problem together with Burma and Laos would have global implications because there was strong evidence to show that heroin from the Golden Triangle was moving to Hong Kong and other world capitals via China, they said.

Thai Narcotics Control Board secretary-general Chawalit Yotmani, a delegate to the meeting, said there was increasing amounts of heroin going to southern China despite a joint Burma-China anti-drug effort under the auspices of the United Nations International Drug Control Programme (UNIDCP).

"The public security authorities in China are quite concerned about this, especially after learning that a massive opium refining area has been set up along the border with China," said Chawalit.

Thailand and Burma are also involved in a similar UNIDCP programme to check drug supply but delegates said Burma's heroin business continued to boom despite claims by the junta that they were stepping the battle against the drug barons.

Chawalit also said drug barons could change their tactics in using African and West Asian national as couriers

because many of them had been caught in the ASEAN capitals, particularly Bangkok.

"First they used Asians to carry the drugs, then the drug barons hired Caucasians, now they are using Africans and West Asians whose operations have become very conspicuous. They may revert to using Asians," he said.

The meeting also decided that ASEAN members step up their nationwide drug prevention and control activities as part of the grouping's 25th anniversary this year.

ASEAN leaders at their summit meeting in Singapore early this year decided that the grouping intensify cooperation at the international level to overcome the "serious" drug abuse problem at home.

Japan

Accord To Investigate Imp.=t Barriers Berated

OW3007122492 Tokyo KYODO in English 1203 GMT 30 Jul 92

[Text] Tokyo, July 30 KYODO—The head of an association representing Japanese trading companies criticized Thursday a Japan-U.S. agreement to conduct joint investigations into allegations that the companies have created import barriers.

The agreement came during a Japan-U.S. meeting held in Tokyo on a subcabinet level to review the goals of the 1990 bilateral Structural Impediments Initiative (SII) agreements. The meeting ended here earlier Thursday.

Koichiro Ejiri, chairman of the Japan Foreign Trade Council, said in a statement that the agreement to conduct joint investigations was totally "irrelevant."

He said Japanese trading companies have played an important role in promoting U.S. exports to Japan and other countries.

The companies have thus contributed to a balanced growth of free global trade, Ejiri said.

Future of U.S.-Japan Business Relations Viewed

922A0282A Tokyo TSUSAN JANARU in Japanese May 92 pp 9-13

[Roundtable discussion with Yo Kurosawa, Industrial Bank of Japan president; Owao Nakatani, Hitosubashi University professor; Souzaburo Okamatsu, International Trade Policy Bureau chief]

[Text] The discussion centered on what course U.S.-Japan relations should take during this period of major restructuring of the international system, particularly in the business arena.

How Do You See Current U.S.-Japan Relations?

[Okamatsu] As for U.S.-Japan relations, when I assumed the post of International Trade Policy Bureau (ITPB) chief last year, the construction and semiconductor issues were settled, the first follow-up SII report also had been completed, and the situation had been placid for some time. Nonetheless, the situation gradually turned tempestuous toward the end of the year. One reason is that in shrinking its trade deficit with the world, the portion attributable to trade with Japan was increasing each month. With the focus of U.S. politics moving to this fall's presidential election, criticism of Japan in the U.S. Congress was coming right and left, most notably from the Democrats.

Given this situation, a Tokyo declaration and action plan were issued at the U.S.-Japan summit conference this January. Unfortunately, even though a new U.S.-Japan global partnership for the 21st century was announced, the focus of the mass media was on the action plan, particularly on automobiles and automobile parts. The current relationship between the U.S. and Japanese Governments is basically satisfactory, but following President Bush's visit to Japan, an intensification of the Buy America campaign was reported and an element of isolationist thinking, "America First," began appearing in the United States. One source of concern, I think, in considering the future of U.S.-Japan relations is how the relationship between the United States and Japan is currently perceived.

[Nakatani] Although the concern certainly does exist that the "Japan question" will be raised directly in the presidential election, still, the question of foreign trade has not been an election issue prior to now. My impression is that what the mass media has been reporting and what the American people are perceiving about life are quite out of synch. For example, let's look at automobile sales in the U.S. For the first part of the year, which emerged as part of the Buy America movement, we find that only sales of Japanese automobiles rose at a double-digit rate, while sales of American automobiles remained flat. Therefore, although it may be necessary to pay attention to this, let's not overreact. More than that, I think of greater consequence is the form the program will take to create the mid- to long-term future of the U.S.-Japan partnership.

[Kurosawa] Because the U.S. economic slump is a cyclical one and will steadily improve and because election years in general are abnormal, I think we ought to respond calmly and without overreacting. However, during the gathering of U.S. and Japanese businessmen at a morning breakfast meeting with President Bush—his first appearance after his accident and absence the night before, the talk from the other side was highly radical. I have the sense that we, for our part, were rather surprised.

[Nakatani] The statements made when public relations must be done in a formal way smack of uncompromising out of necessity and are not at all congruent with the tenor of individual opinions; furthermore, the U.S. mass media lately has been terribly judgmental regarding statements and demands of U.S. businessmen. Observing this, I have concluded that the United States is healthy. Therefore, I have the impression that we must, from the Japan side, constantly make allowances in order not to discourage those people, who harbor healthy thinking in America.

[Kurosawa] America's automotive industry has certainly been in bad shape the past ten years; however, the U.S. is strong in a number of areas in which Japan is weak, and in that sense I think the meeting was a bit off the mark.

[Nakatani] I suspect that more realistic discussion would have been possible if top managers from those strong areas had been a little more involved, such as in asking, "We want to approach Japan a bit more, but how best we should we go about doing it?"

Looking to an SII Follow-Up

[Okamatsu] We, who think from the daily point of view, need to take in U.S.-Japan relations from the mid- and long-term point of view. The departure point of SII (Structural Impediment Initiative) hinges on resolving structural problems rooted in the economies of the two countries. Even though we are now in the second year of follow-up, there was a discussion at the Februar, meeting of what issues remain based on the original follow-up discussion. In any case, I think that talking out the structural problems existing between the two countries from the mid- and long-term point of view will be necessary using this kind of process. What does Mr. Kurosawa, who has been sponsored by Keidanren to the SII committee, think?

[Kurosawa] Keidanren's SII Committee is still doing spade work, but is getting to the point of sharpening the Keidanren position. Still, committee chairman Hiraiwa has been advocating "coexistence" as the fundamental approach, which is to say that one must let the other party live while staying alive yourself.

Well now, although this is just my impression regarding this February's SII talks, the individual items in five areas that were newly raised seem to indicate that all of a sudden the structural talks have taken on the character of discussions of individual industries and individual products, and raise doubts as to what is going on.

[Okamatsu] That is an illustration raised endlessly for general consideration and has nothing to do with the follow-up approach in individual categories.

[Nakatani] What, finally, was the structural issue that covered the gamut?

[Okamatsu] It was free give and take and the discussions ended without a conclusion as to how to go about matters concretely. Which is to say, the atmosphere between the U.S. and Japan reflects the fundamental posture of Mr. Zoellick of the U.S. State Department, who is serving as chairman of the talks and who wants to see them take the form of cooperation, not confrontation, and consequently, the attempt is to focus on free discussion.

[Kurosawa] This is truly marvelous.

Mutually Joining Forces for All Situations

[Okamatsu] In terms of the U.S.-Japan structural talks, with the differences in the view of capitalism as it should be in the background, how these issues will be dealt with constructively is, I think, the major topic, but what do you think, Mr. Nakatani?

[Nakatani] Although there are, of course, areas the government can participate in and improve, all the same fundamentals are the implicit arrangements. Although nothing is written in the Statute Books, historically, the portion which allows such arrangements is extremely broad. Therefore, when the strong points are mutually comprehended and adopted, it does no good merely to study the law and regulations. I think only good responses, which will draw out the good things, will result by tying in a strategically cooperative relationship with one's business partners and mutually introducing these mutual ways of doing things.

Fundamental to this is for the government to generate measures where the mutual joining of forces will happen more frequently. Although I think the partnership is global, and the design for it is moving forward, and there is a policy for urging investment in Japan, I have come to the conclusion that the Japanese Government is not actively formulating basic policies in any major way on such matters.

[Okamatsu] In appealing to the Japanese Government, there is one structure that will forge a global business partnership. According to the independent judgment of various firms, this includes: 1) expansion of imports; 2) expansion of local procurement by local corporations; and 3) in concert with foreign firms, expansion of every kind of cooperative structure in three areas.

Another thing that the government must try to do is to make the necessary adjustments to the business climate to expand trade and direct investments. To do this, first, create a special import promotion area (foreign access zone) and exhibitions to expand imports. Second, to encourage direct investment, extend the period when losses can be postponed from five to seven years, because profitability is very difficult in the short-term when entering Japanese markets. Third, because there are those who say talent is unobtainable, consider either special contributions or talent referral centers for foreign firms. These proposals have been collected into a bill that has been introduced in the Diet.

[Nakatani] Although I think that these steps are definitely necessary first ones, still, given what we are discussing, is talk that says entering the Japanese market is unprofitable really short-term or not? That is to say, in a market which has excessive competition for low profits, even if American makers were able to enter, they could not achieve profitability. Although their assessment is defective in the short term, I wonder if the issue of the behavior of Japanese businesses isn't somehow connected.

[Okamatsu] A great many firms have been successful in the Japanese market. It may on the whole be a difficult market to enter, but whether or not it is an unprofitable market is another question.

[Nakatani] The return on equity for American firms successful in the Japanese market is an extremely high twenty percent. Because they are achieving profits that match American standards, they stay. Therefore, I think that although it is considered a lucrative market if worked skillfully, the problem is that it is restricted.

[Kurosawa] On the point of business conduct, in talking of coexistence, "When in Rome, do as the Romans do." If the entrant has the good sense to see that an item will

bear such and such a price, then I think it best to attach a high price in keeping with that assessment.

[Nakatani] I have the sense that employing an approach to pricing and sales that does not disrupt the market of the other party is all there is to it.

Japanese Firms and "The Age of Coexistence"

[Okamatsu] The Keidanren mission that went to Europe in November last year returned to Japan keenly feeling the need to find new working answers to somehow reconcile the Japanese economy with the world economy. Related to this are debates about labor distribution ratios and dividend rates. Because this concerns business operations themselves, however, we are developing an approach to create an environment in which business behavior will change a bit in the short term. There is a fairly earnest debate taking place even within Keidanren.

[Kurosawa] Division of labor ratios are 77 in Japan and 80 in the U.S., but in the case of Japan, unlike the U.S. where managers receive 500 to a thousand times the salary of an entering employee, the undistributed portion is retained by the company. Therefore, I think the debate that the distribution ratio should be raised is too one-dimensional. Following that, the tendency for dividends in Japan is conspicuously low. On this point, in the period when stock prices are rising and when there is mostly flotation at face value, it is fine to keep interest and dividend rates low, but when issues are made at current prices and stock prices are not rising, it may be time to give a bit more thought to this.

[Nakatani] I think the fundamental problem is not the labor distribution or dividend ratios, but company profitability. Which is to say, in looking at this long-term, the labor distribution ratio for companies undergoing dynamic growth will drop and individual wages will rise. Therefore, the distribution ratio and wage levels are totally separate.

I see the crux of the problem as major Japanese firms as comprehensive makers having too many businesses that are generating low earnings and that they would be better off not being involved in. Although they have talented people because they are major firms, there are too many cases in which that talent is being wasted on trivial work. If the concentration is on apportionment of operations resources in specialized areas, the earnings ratio will go up and, as a result, the issues of the labor distribution ratio and dividend rates will be resolved as a matter of course. A company can concentrate on areas of high-added value and profitability by consolidating departments that should be done away with—I think this is truly "a theory we can live with."

[Okamatsu] Although operational diversity increases operational stability and out of that operational diversity come operational strategies, it appears that given these circumstances not everything is done as one company but in the form of doing things in concert as "one set." I think that the trend is to return to the core businesses of companies.

[Nakatani] A result during the 1980's of the rise in net worth ratios and the broadening in scope of discretionary funds is that investment standards were relaxed and companies reached out in wasteful diversity for activities bearing no relationship to their core business. I fear that the earnings capabilities of Japanese firms for the 1990's was considerably damaged.

[Okamatsu] I think we have entered a period in which Japanese firms will surely have to develop new operational strategies if the world's business environment becomes tempestuous. h3
For Japan To Play Its International Role

[Okamatsu] Finally, I think that the United States and Japan, as economic powers, are seeking to conduct themselves with an eye toward the world. Although, concretely, the United States and Japan must cooperate on various aspects of issues such as the development of new technology, the global environment, and whether or not to assist the Commonwealth of Independent States which is in turmoil, please tell me how you think U.S.-Japan cooperation should proceed in the future.

[Nakatani] Although Japan's foreign relations until now have fundamentally been in a posture of waiting to respond each time to what someone else has said, the world system is in the midst of a major revision and I think it will be necessary to step out front with responses in the form of decisions or theories that would say, "Japan would like to see this or that done." Although this is something extremely difficult for Japan's national character, we must consciously make the effort.

For example, in speaking of the world's environment, unless we can create mechanisms for putting into practice what is decided internationally, I firmly believe that decisive resolution will be unachievable. Therefore, Japan should take the lead in sponsoring concepts such as creating a "Global Environment Council" within the United Nations. This council would have powers similar to the Security Council for resolving environmental issues. Although I don't know whether or not it would be accepted, I think we should present to international society decisive, theoretical proposals in order to play a global role.

[Kurosawa] First of all, I feel it would be a good idea to stimulate more joint ventures with foreign firms. I think that joint ventures advance mutual understanding of each other's ways of thinking and working, making coexistence a reality.

Furthermore, regarding environmental issues, the other day I received an appeal from a certain German bank which said, "We want to gather together the major world banks and make an environmental statement. Won't you join us in this?" Although the Ministry of Finance and bank associations are right now in the midst of conferring on how to respond, the time is here for this sort of thing and we are seeking to respond to this issue. On one more item regarding the environmental issue, isn't it time for Japan to take the initiative and carry to the

Organization of Economic Cooperation and Development (OECD) a proposal to mutually stop the export of power generating stations which emit sulfur and other harmful pollutants?

[Nakatani] Official development assistance (ODA) needs to give the environmental view serious consideration.

[Okamatsu] I think it terribly important in grappling with the issue of the earth's environment to heighten global consciousness by incorporating the viewpoints of OECD and ODA standards. At the same time, I feel very keenly that because advanced nations must support issues of world environment in a variety of ways that we should get them to make commitments. Whatever, by developing a more progressive relationship with the United States as an important link for the world, we must seek to have further dialogues and to cooperate on a variety of levels both privately and officially in various areas in order to make this happen.

[Kurosawa] The NEW YORK TIMES the other day carried a piece by Ezra Vogel the essence of which is that "Japan is not an enemy, but a rival." Although I think the term "rival" in effect has the sense of a competitor in love, it also means that the rivalry in mutually aiming for the same targets is a friendly one.

[Okamatsu] Japan is a busy place. Thank you for sharing your valuable ideas.

Japan-Thailand Joint Statement on Cambodian Aid

OW3107085692 Tokyo KYODO in English
0842 GMT 31 Jul 92

[Text] Tokyo, July 31 KYODO—Japan and Thailand agreed to cooperate in the rebuilding of Cambodia and in the economic development of Indochina as a whole in two days of subministerial talks ending Friday.

A joint press statement issued at the end of the consultations on political and economic affairs said Japan agreed to "closer coordination" with Thailand in enhancing economic development in Indochina and the rest of Southeast Asia.

Hinting at Japan's acquiescence to Thailand's self-appointed role as the main external base for short-term rehabilitation and longer-term reconstruction efforts in Indochina, the statement said Japan noted that Thailand "is now poised to become one of the most important partners in efforts to promote peace, stability and prosperity in the region."

Japan recognized Thailand as a "cornerstone" for sustained development and prosperity in the region by virtue of its recent, rapid economic development.

Thailand, for its part, was said to have welcomed the Japanese idea of "tripartite cooperation" by Japan and the ASEAN group for helping rebuild Cambodia in the field of technical assistance.

Japanese Parliamentary Vice Foreign Minister Koji Kakizawa said at the ASEAN post-ministerial conference in Manila last month that Japan is now studying prospects for jointly implementing a joint project in Cambodia to assist the resettlement of refugees, combining Japan's financial and technological muscle with ASEAN's experience and knowledge.

The consultations in Tokyo were largely based on a Thai "white paper" of economic and political proposals to Japan, which was presented to Prime Minister Kiichi Miyazawa last December by visiting Thai Prime Minister Anan Panyarachun.

The paper, which dealt mainly with ways of "restructuring" bilateral economic relations, included a Thai proposal that Japan utilize Thai goods and services in helping to rebuild Cambodia.

The joint statement called for the "full and timely" implementation of the Cambodian peace process.

Reflecting Thailand's traditional diplomatic deference to its neighbors and Japan's typical cautiousness, the statement stopped short of criticizing the Khmer Rouge guerrilla group for its refusal to comply with the Paris peace accords.

Thailand has recently been fending off widespread criticism that it is not exercising its alleged leverage over the Khmer Rouge and is instead allowing its military and business establishments to plunder Cambodia's forest and mineral resources in Khmer Rouge-controlled areas along its border.

Referring to the bloody political turmoil in Bangkok in May and subsequent developments, the statement said Japan "welcomed the ongoing democratic process to return to normalcy and parliamentary democracy."

Transport Ministry To Send Mission to Cambodia

OW3007122992 Tokyo KYODO in English
1156 GMT 30 Jul 92

[Text] Tokyo, July 30 KYODO—The Transport Ministry will dispatch a fact-finding mission to Cambodia in preparation for its aid for upgrading the transport infrastructure of the strife-torn country, ministry sources said Thursday.

The mission, consisting of 12 officials of the Japan Transport Consultants Association, affiliated with the ministry, will visit the country for two weeks from August 17.

With its expertise in construction of ports, airports, and railways, the delegation will study transport facilities in Phnom Penh and other major Cambodian cities, the sources said.

The mission will also collect information about Angkor Wat and other tourist spots to help promote tourism there.

LDP Proposes Nonpartisan Mission

OW2907143492 Tokyo KYODO in English
1406 GMT 29 Jul 92

[Text] Tokyo, July 29 KYODO—A senior ruling party official proposed Wednesday a nonpartisan survey mission of Diet members be sent to Cambodia in mid-September to inspect United Nations peacekeeping operations, party officials said.

In a meeting of Diet Affairs Committee Chairmen of the Liberal Democratic Party (LDP) and opposition parties, the LDP's Seiroku Kajiyama recommended the mission visit Cambodia for about two weeks, they said.

A leader of the No. 1 opposition Social Democratic Party's Diet Affairs Committee told KYODO NEWS SERVICE there is no reason to oppose the proposal.

The controversial UN peacekeeping cooperation bill was enacted last month despite strong opposition. [Words indistinct] the final voting on the bill at a House of Representatives plenary session.

The government reportedly plans to send the first batch of Self-Defense Forces officers to Cambodia as early as late August to join the UN operations.

Decision on 'Comfort Women' Set for This Year

OW3107063492 Tokyo KYODO in English
0558 GMT 31 Jul 92

[Text] Tokyo, July 31 KYODO—Japan plans to decide this year on measures to redress the suffering of women recruited to provide sex for Japanese soldiers in World War II, the top government spokesman said Friday.

"We are now investigating the matter, hearing opinions from various sides," said Chief Cabinet Secretary Koichi Kato. "If possible, I hope we can decide by the end of the year."

But Kato would not say directly how the government would respond to Seoul's calls for clarification on whether the estimated tens of thousands of women were forcibly recruited and for broader coverage of the issue in history textbooks.

Seoul, unveiling an interim report Friday, urged Tokyo to offer compensation, saying it is up to Tokyo to prove that the wartime authorities did not kidnap or coerce the women to serve in frontline brothels.

The report was compiled from separate investigations announced earlier this month by Seoul and Tokyo.

Japan acknowledged in a July 6 report that wartime authorities were involved in recruiting women, called "comfort women" in Japan, but said it found no evidence they were taken against their will.

Kato said at the time the government did not plan to use testimony from former "comfort women" who say they were coerced to work as sex slaves.

Responding to Seoul's demands to clarify whether women were forcibly recruited, Kato said the government would take "any new" materials into consideration as it continues its survey.

On how textbooks treat the "comfort women" issue, Kato said that the government does not have full editorial control of textbooks.

But Kato said that after Prime Minister Kiichi Miyazawa visited South Korea in January, the Education Ministry asked local education authorities to see that history lessons discuss the issue "in an appropriate fashion."

The ministry screens public school textbooks and has the power to reject them.

Textbooks have given more attention to wartime forced labor since a revision of government education guidelines issued in 1982, Kato said.

More space is devoted to descriptions of Japan's brutal wartime treatment of its Asian neighbors in junior high school social studies textbooks approved in June, and two of the eight government-approved books mentioned that women were also dispatched as "teishintai," a euphemism meaning "volunteer corps."

But none mentioned the word "comfort women" or described their role in providing sex.

Researchers have estimated that some 70,000 to 200,000 women, many of them Koreans, were dispatched to serve in battlefield brothels as Japanese troops fanned across Asia.

Women from China, Taiwan, Indonesia, the Philippines, and the Netherlands were also involved, documents show.

Miyazawa To Draft Pump-Priming Measures by Sep

OW3007113592 Tokyo KYODO in English
1113 GMT 30 Jul 92

[Text] Tokyo, July 30 KYODO—Japan's chief economic planner agreed Thursday to draft the government's pump-priming measures by the end of August, rather than mid-September as originally planned.

Takeshi Noda, director general of the Economic Planning Agency (EPA), told a press conference that Prime Minister Kiichi Miyazawa summoned him and Finance Minister Tsutomu Hata earlier in the day to tell them his intention to compile the fiscal stimulative package sooner.

The government said last week it would compile an economic stimulation package, centering on a supplementary budget for fiscal 1992, by the middle of September.

But Miyazawa and other government and ruling party leaders, worried about the continued doldrums of the Tokyo stock market, decided Wednesday night to expedite the package's formulation and ask Noda to outline the plan.

The program will come on top of this spring's emergency economic package, which included a credit easing and expediting public works spending.

Noda said the government will not wait until all details of the package are worked out. "We will unveil what can be quickly drawn out before the whole package is detailed," he said.

He indicated the August package may not include specifics of the extra budget, saying that "there are things we can do alone and things we cannot."

1.5 Trillion Yen FY '91 Budget Surplus Posted

OW3107082492 Tokyo KYODO in English
0756 GMT 31 Jul 92

[Text] Tokyo, July 31 KYODO—Japan posted a net budget surplus of 1,531.8 billion yen in fiscal 1991, up from 998.3 billion yen the year before, the Finance Ministry said Friday.

The surplus will be carried over into the budget for fiscal 1992, which began on April 1.

Although by law at least half the surplus must be used to redeem government bonds, a ministry official said it can be used to finance the expected fiscal 1992 supplementary budget or other general-account expenditures if the parliament approves a special law.

He noted that all of the fiscal 1990 surplus was used to finance a supplementary budget.

In closing the books on fiscal 1991, the ministry reported that tax revenues declined slightly to 59,820.4 billion yen from 60,105.9 billion yen the year before.

It was the first time tax revenues had declined since fiscal 1975, when they dropped sharply amid the recession caused by the first oil crisis.

But fiscal 1991 tax revenues were nonetheless 830.3 billion yen larger than the revised projection.

Nontax revenues, mainly the fiscal payments by the bank of Japan and receipts from the government's horse racing monopoly, rose 615.7 billion yen.

The two combined to create a 1,446.1 billion yen surplus in the revenue column. There was also 143.7 billion yen in unused spending, which brought the total budget surplus to 1,589.9 billion yen.

From that amount, 58.1 billion yen—transferred to such specific accounts as distribution of local-allocation tax—was subtracted to reach the net surplus figure of 1,531.8 billion yen.

The report shows tax revenues from people assessing their own taxes were 27.2 percent higher than projected.

Inheritance tax revenues were also brisk, 26.2 percent larger than projected, as more people paid them in lump sums because interest rates had fallen.

In contrast, corporate tax revenues fell 4.9 percent short of the projection due to sluggish corporate profits.

Tokyo Consumer Prices Rise in July

OW3107014592 Tokyo KYODO in English
0036 GMT 31 Jul 92

[Text] Tokyo, July 31 KYODO—Consumer prices in the Tokyo metropolitan area in July showed a preliminary 2.0 percent rise from a year earlier, shrinking from the 2.5 percent rise in June, the government said Friday.

The Management and Coordination Agency said the Tokyo-area Consumer Price Index (CPI), a leading indicator for nationwide price movements for the month, stood at 105.3 against the base figure of 100 in 1990.

The figure represents a 0.4 percent fall from the previous month, compared with no change in June and a 0.1 percent rise in May.

The agency said the rising pace of prices slowed in July, particularly in such products as fresh vegetables, rent, and women's clothing.

Reductions in the charges for long-distance telephone calls at Nippon Telegraph and Telephone Corp. carried out in July also contributed to the slower price increase in the month, the agency said.

An agency official said July's annual 2.0 percent rise is the smallest since the 1.7 percent increase in March 1989 and the CPI move is "very stable."

Prices increased 2.5 percent in rent from the year before, 2.8 percent in eating out, and 3.3 percent in education and entertainment.

In contrast, prices declined an annual 4.9 percent for vegetables and seaweed, 9.0 percent for fresh vegetables alone, and 3.1 percent in telephone and communications charges.

The agency also reported that the nationwide CPI for June stood at 105.5 against the base figure of 100 for 1990, up 2.3 percent from a year earlier and down 0.1 percent from May.

The nationwide margin of advance widened by 0.3 percentage point in June from the previous month as the price drop for fresh vegetables was relatively small, the agency said.

Official Wants Spending Figures in Fiscal Package

OW3107105292 Tokyo KYODO in English
1022 GMT 31 Jul 92

[Text] Tokyo, July 31 KYODO—A top-ranking official of the Ministry of Finance (MOF) said Friday that the government's forthcoming fiscal stimulus package should include actual spending figures.

But Vice Finance Minister Mamoru Ozaki also said at a press conference that it is too early to say whether the figures will be included in the package.

"We have a lot of working out with other ministries to do before deciding on the figures," he said.

He said he would like to include as many pump-priming measures as possible in the proposal, which is scheduled to be fashioned by the end of August.

The government says it decided to draft the plan for additional fiscal spending and investment to prop up falling stocks and give another boost to the economy.

Ozaki said the fiscal steps that cannot be worked out by the end of August should be ready by mid-September, the original deadline for the package.

Asked about the advance purchase of land by local governments, a move which is expected to be the centerpiece of the package, Ozaki said "it would be better" if the August package "can show the figures."

But Ozaki also said he questioned whether his office can work out details by that time.

Concerning the land purchase by local governments, a top MOF official said such a step will not provide a sizable boost for final demand.

But the official, who spoke on condition he not be identified, said promoting local governments to buy land amid the current extremely sluggish land market will help boost the land transactions.

"Some people say the dormant land market is psychologically depressing the economy," he noted.

Economy Seen Unlikely To Reach 3.5% Growth Goal

OW3107095692 Tokyo KYODO in English
0938 GMT 31 Jul 92

[Text] Osaka, July 31 KYODO—The Japanese economy is unlikely to achieve the government's 3.5 percent growth target in the current fiscal year, a private-sector think tank said Friday.

Daiwa Research Institute estimated the fiscal 1992 economic expansion at 2.5 percent, a downward revision from its original estimate last December of 2.8 percent.

The institute, a research arm of Daiwa Bank, attributed the more pessimistic outlook to the continued slump of Tokyo stock prices and sharp deflation of assets held by households.

The two factors, it said, have greatly cooled corporate and personal spending, which served as driving forces in the recent economic boom.

However, the institute said the economic growth would be even slower if the bank of Japan had not cut the official discount rate Monday.

It predicted the economy will finally show some bright signals early next year, receiving a lift from a series of credit relaxation measures since last year and the planned fiscal stimulative package expected to be unveiled in August.

Nippon Steel To Give PRC Mill Technical Aid

OW3007123892 Tokyo KYODO in English
1226 GMT 30 Jul 92

[Text] Tokyo, July 30 KYODO—Nippon Steel Corp. (NSC) announced it concluded an agreement in Beijing on Thursday with two Chinese corporations for technical cooperation in a project to expand the silicon steel sheet mill of Wuhan Iron and Steel Corp.

The 20 billion yen contract calls for the supply of main facilities and technology necessary to double the firm's annual electrical steel sheet production capacity to 200,000 tons.

Under the contract, continuous annealing equipment and technical guidance in the operation of it will be provided by NSC, and steel-rolling equipment by Hitachi Ltd.

One of the Chinese firms is China National Technical Import and Export Corp.

The completion of the additional electrical steel sheet production facility is scheduled for 1997 and the transfer of technology for 1999.

Electrical steel sheet is used mainly as material for transformers and motors and is now in increasing demand as the need for electricity is growing rapidly in China.

Wuhan Iron and Steel, which has an annual steelmaking capacity of five million tons, is one of China's major steelworks and is seeking to expand its steelmaking capacity by a further two million to seven million tons through the project.

North Korea

N-S Political Subcommittee Fails To Agree

SK3007141492 Pyongyang Korean Central Broadcasting Network in Korean 1306 GMT 30 Jul 92

[Text] The third contact of members of the Political Subcommittee of the North-South high-level talks was held behind closed doors at the conference room of the Neutral Nations Supervisory Commission at Panmunjom on 30 July.

According to a news briefing given by the member of our side after the contact, our side pointed out that at the contact the South side, still setting the nuclear issue as a precondition, was not only putting the brakes on the development of North-South relations and on the drafting of an annexed agreement, but was also inciting distrust and confrontation between the North and the

South contrary to the basic spirit of the North-South agreement as well as the desire of our fellow countrymen.

Our side charged that the South side was making it impossible to smoothly discuss the basic issues at all North-South dialogues including talks at the Political Subcommittee, and is plunging the exchange of visits of elderly parents and art troupes that was arranged with so much difficulty into a pitfall by bringing forward the nuclear issue which is not even a problem. They also argue that North-South economic cooperation cannot make progress unless the nuclear issue is solved.

Our side took a grim view of the South side because the South side trampled the nation's and the world's people's ray of hope by rejecting to the end the return of old man Yi In-mo to the North. It also took a grim view that the South side is accelerating preparations to stage a war exercise dubbed the Focus Lens war exercise against us, its dialogue partner, in league with outside forces at a time when multichanneled dialogues are under way between the North and South.

Our side revealed that this kind of behavior by the South Korean authorities is an act that blocks North-South relations and drives dialogue to the extreme limit of confrontation. Our side closely inquired what the South side was trying to obtain from this and what exactly was it trying to bring about to our nation.

Recently the chairman of the South side's Political Subcommittee made an irresponsible remark by saying that exchange and cooperation should be carried out by the hands of the authorities since the political and military issues cannot be resolved practically. Our side decided that this was an announcement to give up the drafting of the annexed agreement. Therefore, our side urged once again to the South side to clearly give an answer on whether it will draft the annexed agreement and whether the nuclear issue was a precondition for implementing the North-South agreement before the eighth round of North-South high-level talks.

In this regard, the South side made excuses by saying that the nuclear issue was not a precondition and that reports by the South Korean media were incorrect. It also said that our side should not believe the South Korean media.

Our side carefully questioned the South side on why remarks inside and outside the conference room were completely different, and why was it laying blame on the media for this while creating the complications. Then our side proposed to go into full-dress discussions.

In discussing the part of the annexed agreement on noninterference in domestic issues, our side insisted that problems that conflict with the spirit of reconciliation and the fatherland's reunification cannot be subjects for noninterference. In this regard, the South side opposed this without giving any reason and enumerated a sophistry saying that this means that our side is trying to interfere in internal affairs and that there is no standard for reunification.

Our side clearly stated that as the South Korean authorities recognize, the reunification issue is by no means an internal issue of one side but it is a national issue. Our side also clarified that the three-point principle of the fatherland's reunification of sovereignty, peaceful reunification, and great national unity, which was already agreed upon in the 4 July joint statement, is indeed the standard for reunification.

Next, our side suggested specifying in the annexed agreement a clause stipulating that neither the North nor the South should involve itself or allow itself to collaborate with a foreign force in interfering in the internal affairs of the other side, but the South side stubbornly opposed this.

The South side also took exception to the North side's proposal to specify that all the media organs, governmental or nongovernmental, shall refrain from hurling abuse at the other side by any means and method, saying the nongovernmental media cannot be controlled. In this regard, our side said that for the South side to say that the authorities will take the initiative in its liberalized private economy and to stress the freedom of the nongovernmental media are contradictory positions that do not make any sense. Our side also emphasized that the North-South agreement is our nation's conscious which no one can violate and that it is the supreme law of the nation.

In concluding the contact our side pointed out that for the South side to create a barrier in discussing problems by bringing forth farfetched claims is a means to delay the discussions for the North-South agreement.

Our side urged the South side to approach the discussion of the annexed agreement with sincerity, stressing that the discussion of the annexed agreement could be made successful only when they adhere to the principle of attaching primary importance to the nation and the agreement between the sides and give up the concept of maintaining the status quo.

Both sides agreed to hold the fourth members' contact on 5 August.

U.S. Helicopter Offer to South 'Criminal Act'

SK3107002292 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 30 Jul 92

[Text] According to an AFP report from Washington, the U.S. Defense Department on 28 July announced that it will offer 37 AH-64 assault helicopters, 775 Hellfire missiles, 30-mm ammunition, and a large quantity of other war equipment to the South Korean authorities.

This is a criminal act inspiring the South Korean authorities to military confrontation with the northern half of the Republic and will only result in further aggravating the situation on the Korean peninsula.

As is known, a North-South agreement was adopted and effectuated between the North and the South with non-aggression as its core element, and the work of its implementation is underway. The United States also said it welcomes the North-South agreement. However, last year alone, the U.S. war merchants offered to the South Korean authorities mass lethal weapons and war equipment amounting to $3.1 billion, nearly two times the amount in 1990. Now they are again going to turn over even more offensive weapons this time.

Such an act shows that the U.S. remarks that it welcomes the North-South agreement were not made from the heart and that it is not interested, even slightly, in peace and peaceful reunification of the Korean peninsula.

The U.S. bellicose circles said that turning over mass lethal weapons to the South Korean authorities will contribute to the U.S. foreign policy and national security. As one may note from this, U.S. foreign policy and national security do not mean peace and disarmament but mean the policy of war and aggression against other countries and other people.

Cheney's Remarks on Nuclear Testing Criticized

SK3107090792 Pyongyang Korean Central Broadcasting Network in Korean 0806 GMT 31 Jul 92

[Text] According to a report, U.S. Defense Secretary Cheney declared in a Congressional hearing on 28 July that the United States will continue underground nuclear tests up to six times a year. He said to maintain the safety and credibility of the U.S. nuclear armory, it is necessary to carry out these tests.

By doing so, the U.S. imperialists once again revealed their aggressive ambition to secure domination over the world through nuclear weapons by maintaining their nuclear superiority.

As everyone knows, from January of last year until now, the United States carried out various nuclear tests on 19 occasions. In just five days from 19 to 23 June, nuclear tests were carried out twice at a nuclear test site in Nevada.

The U.S. imperialists have been noisily blabbing that the cold war era has come to an end and that the era of peace has emerged. They also propagandized as if they were interested in reducing nuclear weapons. However, they themselves are exposing that this is nothing but a mere sophistry to pacify the world's peace-loving people's denunciation over their maneuvers to increase nuclear weapons.

During the Congressional hearing, Cheney said that the United States will continue to carry out nuclear tests and tried to justify the maneuvers to increase nuclear weapons. This is a challenge to the world's peace-loving people who demand the abolition of nuclear weapons.

The U.S. imperialists must deeply reflect upon the just demand of the world's people who oppose nuclear war. They must stop the development of an aggressive nuclear war commotion which threatens world peace.

U.S. Commander's Comments Examined

SK3007130792 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 27 Jul 92

[Chong Pong-kil commentary: "The Cold War Way of Thinking Should Be Discarded"]

[Text] Out-of-the-ordinary remarks are being heard these days from bellicose U.S. circles. RisCassi, commander of the U.S. imperialist aggression forces in South Korea, in an interview with DEFENSE NEWS, raved that even if the North succeeds in developing nuclear weapons, South Korea will be given protection by the U.S. nuclear umbrella. He said there is no need for any change in the posture of the U.S. forces in South Korea.

Earlier on 24 July, a so-called report on the post cold war direction of U.S. foreign policy was issued incorporating the opinions of 21 foreign policy, economic, and defense experts. In the report, they stressed someone's dangerous nature and that the United States should maintain the largest military strength in the world. The report said that the presence of U.S. forces in South Korea is necessary on a short-term basis for Asian security.

This openly reveals their scheme to perpetually occupy South Korea militarily under the pretext of someone's nonexistent threat. It is a vicious challenge to our people and the people of the world who consistently desire peace in Korea and its peaceful reunification.

Concerning the remarks of RisCassi, commander of the U.S. imperialist aggression forces in South Korea, on someone's nuclear development, it is an absurd claim that convinces no one and a sophistry aimed at justifying their occupation of South Korea.

As everyone knows, we have repeatedly proclaimed that we have neither the ability nor the intention to develop nuclear weapons. Through the two rounds of nonregular inspections by the International Atomic Energy Agency, it has been confirmed that there are no nuclear weapons in our country but that nuclear materials are used only for peaceful purposes to meet the increasing demand for electricity.

The ringleader in turning South Korea into a U.S. nuclear forward base and in threatening us with nuclear weapons is blaming us. This is a shameless act of a thief turning on the owner.

That RisCassi raved about the U.S. nuclear protective umbrella for South Korea following the U.S. announcement on tactical nuclear weapons withdrawal from South Korea leads us to doubt the announcements credibility all the more and proves that there is no change in U.S. policy toward Korea.

The U.S. bellicose elements, including the former defense minister, in a so-called report on the post cold war direction of U.S. foreign policy, raved about the presence of U.S. forces in South Korea using as a pretext the threat from the North which is nonexistent. This should be regarded as the result of U.S. policy toward Korea formulated from the

position of strength. Facts show that there is no change in the ambition of the bellicose circles of the United States for northward invasion.

Since the cease-fire that was implemented 39 years ago, the situation at home and abroad has changed much, and so has the world's characteristics. The confrontation structure between East and West has collapsed, and the policy of strength has failed. The changed reality shows that the U.S. policy toward Korea is behind the times and is not in the U.S. people's interest.

Without changing its own anachronistic policy toward Korea, the United States urges us to change our policy. Disregarding the changed reality on the Korean peninsula where the joint declaration on denuclearization has been implemented, the United States attempts to maintain and station its troops and bases, threatening us militarily as well as applying pressure on us. This lacks fairness and is unreasonable to everyone.

Pressuring and threatening are the remains of the cold war era. They are impractical to our people. The United States should discard the old concept of blindly regarding our Republic as the enemy and treating the Korean question from the position of strength. It should not avoid its responsibility and duty in resolving the issue of peace in Korea and its reunification. If the United States should continue to follow the road of aggression and war against the trend of the times despite our repeated warnings, it will face even greater denunciation and rejection from the peace-loving people of the world.

The United States should learn a proper lesson from the defeat it suffered in the last Korean war and withdraw its Armed Forces from South Korea and stop interfering in the Korean affairs as demanded by our people and the people of the world.

U.S. Plans in South Noted

SK3107050892 Pyongyang KCNA in English
0437 GMT 31 Jul 92

["Anachronistic Design"—KCNA headline]

[Text] Pyongyang, July 31 (KCNA)—MINJU CHOSON today comments on a recently-distributed report of the U.S. Defence Department which claims that U.S. forces must be maintained on the Korean peninsula.

This indicates that the United States is not interested in the denuclearisation and detente on the Korean peninsula at all and still now intents to keep hold on South Korea as a forward base and militarily contain and dominate the DPRK and its neighbouring countries with it as a springboard, the analyst of the paper says, and continues:

The military occupation policy sought by the United States in South Korea under the pretext of "nuclear suspicion" against the DPRK cannot be justufied with anything.

It is the height of effrontery for the United States to advertise the U.S. forces present in South Korea as "a war deterrent" and forces for "the preservation of peace".

In recent years, we have put forward a number of peace packages and made sincere efforts to put them into practice.

The United States, however, answered our peace efforts with a vicious war racket each time.

This notwithstanding, the United States is trying to shift its responsibility on to us and exercise its military influence. This is a very improper act against the trend of the times and it will not be helpful to the improvement of the DPRK-U.S. relations.

The United States must face squarely the reality today when the confrontation between the East and the West has collapsed and the sentiments of the Korean people for peaceful reunification have risen to the highest tide ever and withdraw its forces from South Korea without delay.

U.S. 'Irritated' Over Inspection

SK3107051492 Pyongyang KCNA in English
0446 GMT 31 Jul 92

["Sinister Intention Must Be Renounced"—KCNA headline]

[Text] Pyongyang, July 31 (KCNA)—Solarz and some other U.S. congressmen at a "joint hearing" on "nuclear programme of North Korea" which was recently held in the United States contended that the results of the fair inspection of North Korea by the International Atomic Energy Agency [IAEA] were not credible and "special inspection,""challenge inspection" and "surprise inspection" must be made of North Korea, talking about "limitation" of inspection by this organisation.

Noting that those who had attempted to give rise to "nuclear suspicion" against the DPRK are much irritated when the openness and innocense of its nuclear program have been proved, a NODONG SINMUN analyst today says:

The two rounds of irregular inspection by the IAEA under the Nuclear Safeguards Accord irrefutably proved to the world that the DPRK is using nuclear energy only for peaceful purposes and it is making all sincere efforts for the denuclearisation of the Korean peninsula.

Upset by this, they hurriedly called the "hearing" and kicked up dust in an attempt to incite the "nuclear suspicion" which is vanishing like a puff of smoke.

The sinister aim sought by the participants in the "hearing" was to decry the peaceful nuclear program of the DPRK by clinging tight to the fiction of "nuclear development by North Korea" and bring pressure to bear upon the IAEA to apply "special inspection," "challenge inspection" and "surprise inspection" of it.

To this end they are making such feverish efforts to convince the world of "nuclear suspicion" against the

DPRK by setting afloat the rumor of its "nuclear development" and have gone so far as to doubt the inspection by the IAEA and insult the authority and dignity of the organisation.

Pressure can never be a solution to problems and justice always overpowers injustice.

We advise some quarters of the United States once again not to interfere with other's business that is running a smooth course, but behave properly.

U.S. Hearings on Inspection Viewed

SK3107041192 Pyongyang Korean Central Broadcasting Network in Korean 0025 GMT 31 Jul 92

[NODONG SINMUN 31 July commentary: "The Insidious Scheme Should Be Discarded"]

[Text] In the United States, a so-called joint hearing on North Korea's nuclear project was recently held. Participating in the hearing were some members of the U.S. House Foreign Affairs Committee Asia-Pacific Subcommittee; Arms Control, International Security, and Science Subcommittee; and International Economic Policy and Trade Subcommittee.

In the hearing, some U.S. congressmen said that they cannot trust the result of the fair inspection by the International Atomic Energy Agency [IAEA]. Raving about the limitations of the IAEA inspections, they stressed that a special inspection, challenge inspection [tojon sachal], and surprise inspection [kisup sachal] should be applied to us. Solarz, again, led the criticism against us, saying that he is very seriously worried about North Korea's nuclear development.

It is well known that people from some U.S. circles, including Solarz, rave about our nuclear development and are persistently attempting to create nuclear suspicion [haek uihok]. Needless to say, the aforesaid hearing is another such attempt. Here we note that those who attempted to arouse nuclear suspicion against us are very perplexed at the proven openness and innocence [kyolbaeksong] of our nuclear project.

As has been reported, we have been receiving the IAEA inspections according to the Nuclear Safeguards Accord. The second nonregular inspection was recently conducted by the IAEA. We have been cooperating with all sincerity with the IAEA so that it can successfully carry out its inspection task. IAEA Director General Hans Blix, who was invited to the hearing, openly stated that we were cooperative with the inspections.

It has been indisputably confirmed to the world that we are using nuclear energy only for peaceful purposes and that we have been making every sincere effort for the denuclearization of the Korean peninsula. It has also been thoroughly revealed how absurd is the false propaganda conducted by some U.S. circles aimed at creating nuclear suspicion against us. They are irritated; therefore, they hurriedly held a so-called hearing and made commotions in an attempt to relight the dying ember of nuclear suspicion again. Acting as if they were the only people opposed to nuclear threat, they viciously criticize others' peaceful nuclear projects, mentioning nothing about the nuclear threat created on the Korean peninsula by the United States. Furthermore, even at this time, after the announced withdrawal of nuclear weapons from South Korea, they are having the South Korean authorities oppose an all-out inspection of the U.S. nuclear bases and nuclear weapons. The wicked scheme of those who participated in the hearing is to make an issue of the North's nuclear development by all means to criticize our peaceful nuclear project so as to pressure the IAEA to apply special inspection, challenge inspection, and surprise inspection on us. For this, they are frantically publicizing the North's so-called nuclear development in an attempt to convince the world of the nuclear suspicion against us. Disbelieving even the IAEA's inspection system, they are not hesitating to defile the IAEA's authority and dignity.

Those who have insidious and wicked schemes are ready to do anything. However, it will be a wild fancy if they think it will work. Pressure is far from being a way to solve a problem, and justice will always triumph over injustice. We once again urge some circles of the United States not to try to hamper others' concerns that are going well but to behave themselves. Those who doubt the principled position of our Republic, which intends to be faithful to its duty according to international law stipulated by the Nuclear Nonproliferation Treaty by using nuclear energy only for peaceful purposes, will be strongly denounced and entombed by our people and the world's peace-loving people.

Focus Lens Exercise Seen as Obstacle to Peace

SK2807104992 Pyongyang KCNA in English 0433 GMT 28 Jul 92

["Where Are They Leading the Situation?"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—NODONG SINMUN today brands the Focus Lance [as received] joint military training the South Korean rulers plan to stage with the United States from mid to late Augus. as an open perfidy to the inter-Korean agreement and an intolerable challenge to the peace efforts of the North.

The news analyst says:

It is not a casual coincidence that the South Korean rulers decided to hold the Focus Lance in the period when the pan-national rally, the formation of Pomchonghaknyon [National Alliance of Youth and Students for the Country's Reunification] and the exchange of old parents' visiting groups and art troupes are to take place. This reveals their unchanged stance of confrontation, being a deliberate move to reduce the agreement to a sheet of waste paper, bring the North-South relations back to the state before the adoption of the agreement and, for the present, put down the growing fervor for

reunification of the fellow countrymen in the North, South and overseas with the roaring war gamble.

Joint trainings so far held in South Korea under the name of Focus Lance were exercises on maps. It is the first time that the Focus Lance is staged as field manoeuvres with the mobilization of most sophisticated weapons.

They will bring the tensions on the Korean peninsula to a higher pitch.

Facts show that the U.S. imperialists and the South Korean rulers intend to lead the situation on the Korean peninsula to the brink of war through the Focus Lance training. They will have to bear full responsibility for all the consequences arising from the war rehearsal.

Choe Tae-pok Meets Visiting Group From PRC

SK2807124792 Pyongyang KCNA in English 1100 GMT 28 Jul 92

[Text] Pyongyang, July 28 (KCNA)—Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central Committee [C.C.] of the Workers' Party of Korea, today met and had a friendly talk with the friendship visiting group of the Communist Party of China headed by Wang Maolin, member of the C.C., CPC and secretary of the Shanxi Provincial Committee of the CPC.

Kang Hyon-su Speaks at Pyongyang War Rally

SK3107022892 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Jul 92

[Speech by Kang Hyon-su, responsible secretary of the Pyongyang city party committee and chairman of the Pyongyang City People's Committee, at the meeting held in Kim Il-song Plaza on the 39th anniversary of the conclusion of the Korean Armistice Agreement in Pyongyang—recorded]

[Text] Comrades: The rally today commemorates the 39th anniversary of the great victory of the Fatherland Liberation War. This rally is held under the militant circumstances in which all of the people across the nation are vigorously accelerating socialist construction and national reunification in response to the appeal of the party and the leader and with firm faith in certain victory and militant (?mettle).

The three-year-long war triggered by the U.S. imperialists was a showdown upon which the fate of our republic hinged, and it was the most arduous of trials for our party and people. The U.S. imperialists went berserk attempting to eliminate our republic from the map, mobilizing large numbers of armed forces of aggression and modern military equipment. However, the enemies were unable to subdue our people, who arose with burning, hostile feelings against the aggressors, and they failed to fulfill their vicious and wild ambition. [passage indistinct]

Under the excellent leadership of the party and the leader, our people and the People's Army bravely surmounted the extremely fierce and grim trials of war, dealt a disgraceful defeat to the U.S. imperialists and thus achieved a brilliant victory. Our people's historic victory in the Fatherland Liberation War was the brilliant victory of the great leader Comrade Kim Il-song's excellent military ideology and the chuche-oriented strategies and tractics. It was also a mighty demonstration of the [words indistinct] of our people and the People's Army soldiers who were firmly united as one around the party and the leader. [passage indistinct]

Although 39 years have passed since the end of the Fatherland Liberation War, no solid and durable peace has been achieved on the Korean peninsula nor have our people achieved national reunification. To expedite the country's independent and peaceful reunification it is imperative to accelerate socialist construction in the northern half of the republic and thus to strengthen the country's economic power.

All party members and the working people should continue to effect increases in production and construction with the spirit and the mettle that our people and People's Army displayed during the war. Thus, they should fully exalt the superiority of the popular masses-centered socialism of own style and should further consolidate its invincibility.

We should all more vigorously struggle to expedite the final victory of the chuche revolutionary cause, the cause of socialism, to smash the challenges by splittist forces within and without, and to achieve the cause of national reunification in the (?1990's) without fail. [applause]

Daily Stresses Loyalty to Party, Leader

SK2807114792 Pyongyang KCNA in English 1003 GMT 28 Jul 92

["NODONG SINMUN on Loyalty to Party and Leader"—KCNA headline]

[Text] Pyongyang, July 28 (KCNA)—The entire party members and other working people should cherish loyalty to the party and the leader as their lifeblood as in the past and struggle faithfully along the road indicated by the dear leader Comrade Kim Chong-il, stresses NODONG SINMUN today in an editorial.

The editorial goes on:

Loyalty to the party and the leader is the lifeblood of a communist revolutionary of chuche-type and the noblest communist trait a revolutionary should possess.

This loyalty is the basic source of solidity and might of the single-hearted unity of our party and the revolutionary ranks.

Only when the entire party members and other working people continue to foster loyalty to the party and the leader, can they strengthen the party, firmly defend and

cement the single-hearted unity of the party and the revolutionary ranks down through generations and accomplish the revolutionary cause with its might.

The secret of a new revolutionary upsurge in socialist construction today lies in that the entire party members and other working people display high loyalty to the party and the leader.

It is the firm will of the entire party members and other working people to faithfully struggle under the leadership of the dear leader Comrade Kim Chong-il, holding the great leader Comrade Kim Il-song in high esteem.

The entire party members and other working people should have loyalty to the party and the leader as a faith, make it conscience, morality and part of their daily life, and actively follow the living example of loyalty which was set in the past revolutionary practice.

Pyongyang Tramway's 3d Stage Construction Begins

SK2807130392 Pyongyang KCNA in English 1028 GMT 28 Jul 92

[Text] Pyongyang, July 28 (KCNA)—The third-stage tramway construction began in the capital city of Pyongyang.

It covers a 12 kilometre section from Tongil Street to West Pyongyang railway station through the Chungsong Bridge, the second-stage Chollima Street, Saemaul Street, Ansan Street, Sinso Bridge, Kyonghung, Hyoksin and Hasin Streets.

The builders have dug up earth for roadbeds in a several hundred metre section and disposed of thousands of cubic metres of earth only in a few days.

The tramway construction in the city which started in November, 1990, has been carried out on a phased basis, the first-stage covering a 20 km distance from Songsan to Songsin and the second-stage a 10 km from Munsu to Tosong were completed and opened to traffic.

The third-stage route will be linked to the first- and second-stage ones, and be geared to the subway, trolley bus and bus lines.

South Korea

Customs To Increase U.S. Servicemen Inspection

SK3107122092 Seoul YONHAP in English 1143 GMT 31 Jul 92

[Text] Seoul, July 31 (YONHAP)—The Customs Administration plans to dispatch anti-smuggle agents to major U.S. military installations in the country to control acts of smuggle among American service members.

The plan was disclosed by administrator Paek Won-ku of the Customs Administration at a meeting of senior customs investigators held at the administration Friday [31 July].

Saying that his administration couldn't do any so far at U.S. military installations other than the Yongsan military reservation, Paek told attendees to "dispatch anti-smuggle agents to major U.S. military installations to thoroughly check smuggling among American service members."

Paek suggested that on-the-spot checks should be made of the personal baggages of arriving G.I.'s or household articles brought into the country.

The U.S. military bases where smuggle agents are planned to be sent are those in Tageu, Tongduchon, Uijongbu, Pyongtaek and Osan.

He said that although Korea could inspect American service members' household cargoes under the Korea-U.S. Administration Agreement (SOFA), investigation in this area has been neglected.

"From now on we should make positive inspection by asking, for instance, U.S. military authorities for inspection of suspected household cargoes being taken in," the chief customs official said.

Paek also cautioned customs investigators against smuggling of narcotics by sea and air especially from the Philippines, Vietnam and Taiwan which he said have emerged as major "hiroppong" producers since 1989.

A Customs Administration figure said smuggled goods worth some 150.6 billion won were uncovered in the first half of this year, an amount representing a 342 percent increase over the like period of last year.

Yeltsin's Plans To Visit Japan, ROK Confirmed

SK3107051992 Seoul YONHAP in English 0502 GMT 31 Jul 92

[Text] Tokyo, July 31 (YONHAP)—Russian President Boris Yeltsin will visit Japan and South Korea in September as planned earlier, the YOMIURI SHIMBUN reported Friday [31 July] quoting a top Russian politician.

Sergey Filatov, the vice speaker of the Russian Federal Parliament, in an exclusive interview with a YOMIURI correspondent in Moscow, said: "No domestic troubles will hinder President Yeltsin from visiting Japan."

Russia had inherited all the international treaties and responsibilities from the Soviet Union, he said.

The Japanese daily said the Russian Parliament, the main opposing power to Yeltsin, had "in principle" approved his visits.

Interim Report Issued on 'Comfort Women'

SK3107022392 Seoul YONHAP in English 0051 GMT 31 Jul 92

[Text] Seoul, July 31 (OANA-YONHAP)—Korean women were forcibly taken to frontline brothels and used as sex slaves for Japanese soldiers during World War II, according to a government report on "comfort women" issued Friday [31 July].

The "Interim Report on Investigation of Military Comfort Women Under the Japanese Imperial Government" contains accounts by survivors that contradict Tokyo's announcement earlier this month that its own investigation had found no proof of coercion.

A task force led by Foreign Ministry Director-General of Asian Affairs Kim Sok-u wrote the report, which is based on documents uncovered in South Korea, Japan and the United States.

It is the first official report on women recruited by Japan while Korea was under colonial rule between 1910 and 1945. From 100,000 to 200,000 Korean women are believed to have been taken and historians estimate 70,000 to 80,000 were forced to work in brothels while others were used as slave labor.

Japan admitted July 6 after its own investigation that the government was involved in establishing and operating the brothels and apologized, but it maintains the mobilizers did not use force against the women.

"We have not yet uncovered formal proof that the women were forcibly taken. But the facts and materials the task force has found indicate that they were taken under very threatening circumstance," Kim said.

"It was the Japanese Army that destroyed the files. The burden of proof is on Tokyo to prove that its government did not kidnap the women or take them through other forced means. Unless it can prove so, we can assume otherwise," he said.

The report contains military documents in which the Japanese Imperial Army instructs the local police and district government officials to set up the brothels as a way of preventing Japanese soldiers from raping local women.

It details how the women were rounded up and transported to the brothels, how and where the brothels were operated, and the life of the women forced into prostitution.

It tells the stories of 13 women, their names withheld to protect their privacy, who reported to the government that they were comfort women.

One woman describes how the Japanese police told her they would release her family, jailed for refusing to give their brassware to the military, if she would join the "National Patriotic Corps."

She said she was immediately taken to a brothel in Djakarta, where she remained from 1938 until returning home in 1946 with the help of American soldiers.

"This is an interim report. It is not a conclusive report, and the government hopes that this will spur further investigation into the case," Kim said.

"We call on the Tokyo government to take sincere action to show their apologies and regrets to the victims. The Seoul government will seek its own measures to help the surviving victims," he said.

Excerpts Reported

SK3107045192 Seoul YONHAP in English 0247 GMT 31 Jul 92

[Text] Seoul, July 31 (OANA-YONHAP)—Following are excerpts from South Korea's first white paper on comfort women:

—One of the first records of comfort women brothels dates from 1932, after the Japanese invasion of Manchuria. Lt. Gen. Neiji Okamura sent a message to the governor of Nagasaki asking his cooperation in setting up brothels to prevent Japanese soldiers from raping the local women.

His personal memo says he was "elated" because the raping stopped after the brothels were opened. He calls himself the "founder" of the comfort women.

—Frontline brothels began to appear from 1937, after the rape of Nanjing.

The Japanese Army at first recruited prostitutes from Osaka for the frontline brothels, but soldiers were soon plagued by venereal disease.

A report by military doctor Tetsuo Asaumi warns of the spread of venereal disease by Japanese prostitutes and points out that Korean women, by comparison, are younger and "less experienced."

—Flesh traders mostly recruited factory workers and waitresses until 1938, when they started to prey on women from farms.

The traders were given permits by the Japanese Imperial Army and were aided by soldiers, police and local government officials. They told women they would be nurses.

—A secretly circulated request from the Army to the Japanese colonial government in Korea dated July 1941 asked for mobilization of comfort women, and the government in turn instructed district government officials in Korea to take charge of the recruitment. Some 8,000 women were rounded up in a single mobilization.

—Seiji Yoshida, who confessed to being a comfort women mobilizer, said that the Japanese Government was extremely secretive of the entire operation.

Anyone who said there was such a thing as comfort women was punished for spreading rumors.

In 1943, when women could no longer be tricked, the traders began slave hunts like in Africa at the end of the 19th century, Yoshida said.

—Brothels were set up in the deepest corners of Burma, the Philippines and Indonesia as long as Japanese soldiers were stationed there. Japanese women were mostly sent to the rear, while Koreans were placed mostly on the frontlines.

—Brothel owners took about 60 percent of comfort women's pay. Much of the remaining 40 percent was paid in tickets or taken away as "expenses."

—As Japan began losing the war, military leaders took the Japanese women with their units while leaving the Koreans. American soldiers coming in later found the women and tried to repatriate them.

—Testimonies from 13 surviving Korean victims include a woman who was told by police her family would be released if she joined a "National Patriotic Corps." She was taken to a brothel in Djakarta and repatriated eight years later through help of U.S. soldiers.

—Another woman said two strangers dragged her out of her house while she was alone and took her to Manchuria. The brothel owner incarcerated her in a seven-square-meter room and forced her to provide sexual services for 20 soldiers a day.

—A woman testified she was first mobilized into a labor force while in elementary school. She was kidnapped and taken to a brothel when she came out of the factory to look for something to eat.

—A sewing factory worker said that about 15 Japanese soldiers came late one evening in September 1944 and took 49 women to brothels in Yokohama and Hiroshima.

She said she is the sole survivor among the 49 women. She saw some die from illness while others committed suicide.

She said she helped bury the other women.

Trade, Industry Minister Meets SRV Official

SK3107084492 Seoul YONHAP in English 0713 GMT 31 Jul 92

[Text] Seoul, July 31 (YONHAP)—South Korean Trade and Industry Minister Han Pong-su met with Le Xuan Trinh, the first vice chairman of the State Planning Committee of Vietnam, here Friday [31 July] and they discussed ways to enhance bilateral economic cooperation.

The Vietnamese official has been in Korea since July 25 on a nine-day visit with five other public servants under a training program hosted by the World Bank.

ROK, Cuba Agree To Conduct Sports Exchanges

SK3107045492 Seoul YONHAP in English 0312 GMT 31 Jul 92

[Text] Barcelona, Spain, July 30 (YONHAP)—South Korea and Cuba agreed Thursday [30 July] to conduct full-scale sports exchanges despite an absence of diplomatic relations and send athletes to international sports events each other sponsors.

Korean Sports and Youth Minister Yi Chin-sam and Cuban Sports Minister Conrado Martinez Corona, meeting at Yi's hotel, also agreed on Cuba's dispatch of a team to the fourth world junior athletics championships in Seoul Sept. 15-21.

The Cuban minister proposed that South Korea join the Cuba-Japan women's volleyball games along with China, making the regular matches a four-nation event.

South Korea and Cuba have never had official exchanges as they do not have formal ties and because North Korea is a strong ally of Cuba.

South Korea sent delegations to only a few sports events Cuba hosted, such as the Los Angeles Olympic women's basketball preliminary in 1984 and the world junior boxing championships in 1987.

Cuba has never sent athletes to sports events in South Korea. At the time of the summer Olympics in Seoul, Cuba sent officials only.

After the talks, also attended by Manuel Gonzalez Guerra, a Cuban member of the International Olympic Committee, Yi said Cuba would be very active in exchanges with South Korea.

"We can interpret that Cuba is to promote relations with South Korea without minding North Korea any longer. I hope this attitude will advance establishment of diplomatic ties," he said.

Cuban officials promised that they would invite Yi to Havana soon and said that they wanted to sign a sports agreement with South Korea before formal ties, Yi said.

UN Command Buries Bodies of DPRK Soldiers

SK3007042992 Seoul YONHAP in English 0137 GMT 30 Jul 92

[Text] Seoul, July 30 (YONHAP)—The United Nations Command (UNC) and the counter-espionage headquarters buried three North Korean soldiers, killed in a clash on the southern side of the Demilitarized Zone on May 22, in the South Korean Army's Enemy Cemetery near Uijongbu on Thursday [30 July] morning.

Counter-espionage officials said attempts to return the bodies were rejected by the North Korean Government, which accused South Korea of concocting the incident.

The three North Koreans were killed by South Korean soldiers 1.3 kilometers across the DMZ just after midnight

on May 22, and their bodies were kept in the Eighth U.S. Army mortuary at the Yongsan Army garrison.

This puts the number of people buried in the Enemy Cemetery at 77, including 25 bodies from the Korean war that the United Nations Command tried to return to North Korea in November 1986 but were rejected by Pyongyang.

Financial Barriers for Uruguay Round Talks Noted

SK3107042792 Seoul THE KOREA TIMES in English 31 Jul 92 p 8

[Text] A state-run institute has made public a long list of financial barriers in five major countries that Korean banks, securities and insurance companies face in their overseas operations.

The Korea Institute for International Economic Policy (KIEP), which is affiliated with the Economic Planning Board [EPB], said Japan maintains the most rigid and restrictive financial barriers in major global financial centers.

The 178-page report was distributed to the EPB, the Finance Ministry, the Bank of Korea [BOK], the Office of Bank Supervision, and other government agencies.

The report will be used when Korean negotiators meet their counterparts from Western countries in the Uruguay Round multilateral trade talks, a Finance Ministry official said.

Many foreign bankers here said that the Korean government appears to have adopted a more aggressive and provocative attitude to promote the interest of Korean financial institutions overseas.

Many critics have long contended that Korean policy makers and financial attaches overseas have been too passive in redressing the concerns of Korean financial institutions overseas.

They argued that Seoul has been too docile and receptive to foreign pressure for opening the domestic financial market. Many local bankers began to demand that they be given "foreign treatment,"—a sarcastic remark that the government has been too rigid in accommodating their demands and too soft on foreign requests.

The report is an update that the Finance Ministry made public late last year on financial barriers in five major countries.

It said Korean banks face discrimination in their access to the rediscount window of Bank of Japan and Tokyo's inter-bank call market.

Korean banks in Japan are also facing unfair treatment in the bond underwriting business, it said. Korean securities companies are discriminated against in the high-yielding pension fund market in Japan, KIEP said.

Japan also maintains exclusionary, informal and ambiguous financial practices that structurally and effectively handicap the Korean financial institutions, it said.

France is alleged to maintain the second most restrictive set of financial barriers. A few state-run financial institutions dominate and monopolize the segmented French financial system.

From an outsider's point of view, such financial concentration stifles effective competition and practically restricts the operations of Korean financial institutions, it said.

KIEP said Germany conducts a language test for expatriate bank managers and adopts the co-manager system under which a German manager should be represented in the decision making process.

Germany's credit control rule has been unequally and arbitrarily applied to foreign banks from different countries, KIEP said.

Although there are no legal restrictions or barriers in Great Britain, the Bank of England maintains informal window guidance that potentially discriminates against Korean banks versus British banks, KIEP said.

It added there is no systematic discrimination against foreign banks in Britain but a lack of statutory regulations proves to be a stumbling block in the operation of the Korean banks, it said.

Out of 14 U.S. states, six bar Korean banks from opening branches and subsidiaries.

Ministry To Encourage Overseas Investment

SK3007022692 Seoul THE KOREA TIMES in English 30 Jul 92 p 8

[By staff reporter Yi Chang-sop]

[Text] Korea has decided to get rid of outdated rules that hamper overseas direct investment by Korean firms as well as to give greater freedom in offshore financing to domestic firms seeking overseas expansion.

At the same time, the government has decided to encourage local firms to increase overseas expansion as part of steps to upgrade the nation's industrial structure, bypass foreign protectionism and emerging economic regionalism.

The measures to activate foreign direct investment will be implemented from September 1 when the nation's Foreign Exchange Management Act and its associated rules go into force.

Domestic firms will be encouraged to take over foreign firms through merger and acquisition (M & A) under a program to activate direct investment overseas.

The Finance Ministry said domestic firms will be able to raise funds outside Korea to finance their overseas expansion, including takeovers of foreign firms through M & A.

Procedures will be simplified so that investment of up to 5 million dollars, which accounts for over 90 percent of Korean investment abroad, will require only a report to the Finance Ministry. The current limit is 2 million dollars.

Investment in countries with which Korea has no diplomatic ties, will be treated the same as investments in other nations.

Government approval is necessary for Korean firms to make direct investment overseas with amounts of less than 10 million dollars.

The inter-government panel will review applications on only offshore investment exceeding 10 million dollars. A screening committee for overseas investments will be moved from the Bank of Korea to the Finance Ministry to facilitate inter-ministerial cooperation in industrial policy.

The concept of direct investment in foreign countries by Korean firms will be softened to give them more leeway in foreign operations. Even if Korean firms hold less than 20 percent in foreign joint ventures, they will get approval as long as the overseas ventures are vital for sourcing raw materials and resources or hi-technology and if Korean executives are represented in the ventures, the Finance Ministry said.

Under the current rule, only when Korean executives are dispatched or Korean firms hold more than a 20 percent equity stake, the government approves applications.

Korean companies will be able to raise the full amount of money necessary for overseas direct investment in foreign financial markets.

Presently, Korean firms have to raise "domestically" a specific portion of total fund necessary for foreign direct investment. The new rule will enable Korean firms to raise cheaper funds for overseas expansion because local interest rates are higher than foreign capital costs.

As part of steps to help Korean firms take over foreign firms through merger and acquisitions (M & A), the Finance Ministry also will permit domestic firms to raise funds outside Korea.

Currently, Korean firms can not bring out of Korea money necessary for bidding and contracting major M & A deals overseas. They can not raise money in foreign countries to participate in M & A bidding or contracts.

The guideline on overseas direct investment will become more transparent because all application procedures will be contained in the Foreign Exchange Management rules.

The guideline on overseas direct investment will be classified into three categories—encouragement, restrictive and general.

Korean investment in foreign ventures will be encouraged when it will bring in state of art foreign technology into Korea. Such an investment will get financial and institutional support.

Korean industries that maintain international competitive edge will be "restricted" in overseas investment because such investments will accelerate the exodus of Korea's technology and ultimately weaken the nation's international competitive edge.

Those categorized as restrictive in overseas investment will not get financial support. Those not falling under the "encouragement or restrictive categories" will not be subject to any specific support or restriction in overseas investment, the Finance Ministry said.

The latest measure will result in driving out domestic sunset industries and keep sunrising industries in Korea. But such measures, although beneficial for Korea's long-term industrial strategy, will invite foreign criticism, analysts said.

The action to stimulate foreign direct investment by domestic firms will be taken even though Korea has been suffering from a trade deficit. Korean firms have made 4,060 million dollars in foreign direct investment on an outstanding basis at the end of June.

Between 1985 and June this year, Korea's overseas direct investment has shown an annual growth rate of 39.4 percent.

The ratio of overseas direct investment against GNP is quite low for Korea with 1.2 percent in 1991, compared with 1.9 percent for Taiwan in 1990; 13.2 percent for Japan in 1990 and 7.2 percent for the United States in 1989.

Exports Reportedly Grow Faster Than Imports

SK3107023892 Seoul YONHAP in English 0148 GMT 31 Jul 92

[Text] Seoul, July 31 (YONHAP)—South Korea's exports grew faster than its imports for the first time in four years in the first half, the Trade and Industry Ministry said Friday [31 July].

First-half exports gained 8.4 percent over the same period last year to 36.71 billion dollars, compared with a 3.7 percent gain in imports to 41.66 billion dollars, according to the ministry's final tally.

Arrivals of letters of credit (L/C) rose 6.2 percent to 26.46 billion dollars against a 12.9 percent decline in import permits (33.83 billion dollars), forecasting further improvement in the trade balance, it said.

Noticeable export growth was registered in semiconductors with 22.3 percent (3,389 million dollars), textiles with 24.3 percent (3,319 million dollars), ships with 20.6 percent (1,910 million dollars), petrochemical products with 65.9 percent (1,226 million dollars), automobiles with 16.1 percent (1,172 million dollars), general

machinery with 10 percent (1,164 million dollars) and containers with 26.3 percent (576 million dollars).

On the other side of the balance sheet, export losses were conspicuous in some sectors: electric and electronic home appliances down 3.8 percent (2,824 million dollars), footwear down 16.7 percent (1,647 million dollars) and garments down 3.5 percent (3,089 million dollars).

Exports to the United States, Japan and the European Community declined, whereas those to Southeast Asian, Central and South American and Middle Eastern countries, and China showed signs of gaining on the three traditional major trading partners.

Exports to the United States shrank 0.6 percent at 8.72 billion dollars, to Japan 5.1 percent at 5.59 billion dollars and to the EC 8.9 percent at 4.56 billion dollars.

Exports to ASEAN (Association of Southeast Asian Nations) members climbed 30.4 percent to 4.22 billion dollars, to China, 141.4 percent to 992 million dollars, and to the Middle East, 34.5 percent to 1.8 billion dollars.

Over 9 Percent of Exporters Said To Lose Money

SK3107085792 Seoul YONHAP in English 0650 GMT 31 Jul 92

[Text] Seoul, July 31 (YONHAP)—More than 9 percent of South Korean exporters are exporting at a loss, and over half have profit margins below 5 percent, according to a Trade and Industry Ministry study released Friday [31 July].

It said 18.8 percent have profit margins under 2 percent, and 28.3 percent between 2 percent and 5 percent, for a total of 56.3 percent who are seeing less than 5 percent profit from exports.

The study of 1,268 companies showed the situation was worst for exporters of electronic appliances—36 percent sold at a loss, 32 percent had profit margins below 2 percent and 20 percent had rates between 2 percent and 5 percent.

Despite industrial rationalization, 25.7 percent of the footwear companies export at a loss, 45.7 percent below 2 percent and 20 percent at 2 percent to 5 percent.

Even the chemicals industry, which is rapidly increasing its exports to China and Southeast Asia, had 19.1 percent of its companies selling at a loss, 38.1 percent selling at below a 2 percent margin, and 33.3 percent at between 2 percent and 5 percent.

The steel industry had 15 percent exporting at a loss, 43.3 percent below 2 percent and 20 percent between 2 percent and 5 percent profit margins.

Precision machinery had 21.1 percent of its firms in the first category, 10.5 percent in the second, and 26.3 percent in the third.

Heavy electric equipment recorded 20 percent, 13.3 percent and 46.7 percent, respectively.

The textile sector had 17.7 percent of its companies exporting at a loss, industrial electronics, 11.8 percent, stationery, 10 percent, and metals, 10.8 percent.

Ships, containers and rubber products were the only major export items that didn't record losses.

Budget for 1993 Projected at 37.5 Trillion Won

SK3107052792 Seoul THE KOREA HERALD in English 31 Jul 92 p 8

[Text] The government is drafting a balanced budget bill for fiscal 1993, scaled at 37.5 trillion won (about $48.1 billion), despite tremendous spending demands, Deputy Prime Minister Choe Kak-kyu told a cabinet session yesterday.

The figure represents a 13 percent increase over this year's 33.2 trillion won.

The Budget Office at the Economic Planning Board [EPB] said it is projecting the government revenues next year at 37.5 trillion won, or 4.3 trillion won more than projections for this year, because of the promised tax favors for small-and medium-sized companies and an expected decrease in income tax rates on wage earners.

The two factors alone will decrease revenue by 1 trillion won.

Because of that situation, Choe said, the 1993 budget bill will allow a minimum increase in salaries for public servants and defense outlays next year.

He envisioned the increase rate for defense spending at a meager 8 percent, compared with a 12.5 percent increase this year and a 13.3 percent rise last year.

Demands for government spendings for next year are enormous as evidenced by government offices' demands for a 92 percent increase in outlay for their projects, most of them essential to solving Korea's economic troubles.

Those projects include the construction of a new airport in Yongjong Island, super-speed railway connecting Seoul and Pusan, and programs to restructure the farming sector.

In a move to minimize trouble arising from the balanced budget, the government should transform taxes on gas and vehicles into a special tax whose income will only be used for certain purposes, the top economic policymaker said.

The Ministry of Home Affairs is opposed to the scheme because revenues of the provincial governments under the control of the ministry would decrease.

At present, 25.07 percent of revenues on internal taxes are allotted for subsidies to provincial governments as required by the law.

The budget bill, to be finalized by early September, assumes 7 percent GNP growth and 5-6 percent increase in the GNP deflator next year, Choe said.

Kim Chong-pil Hinted as DLP Executive Chairman

SK3007093392 Seoul YONHAP in English 0841 GMT 30 Jul 92

[Text] Seoul, July 30 (YONHAP)—Kim Yong-sam indicated Thursday [30 July] that co-chairman Kim Chong-pil will succeed him as executive chairman of the ruling Democratic Liberal Party [DLP] when he replaces President No Tae-u as party president.

"To keep the political covenant is my most important creed," Kim told reporters in Taejon after visiting the site of the '93 Taejon World Expo and the Taedok Science Town.

His remarks were apparently aimed at soothing Kim Chong-pil, who had been refusing to handle party affairs in protest over a reported move in the DLP to keep him in his present position after the other kim's promotion.

In Seoul, floor leaders of the DLP, Democratic Party (DP) and Unification National Party (UNP) [officially renamed United People's Party] met and discussed the normalization of parliamentary affairs and talks between the presidents of the ruling and opposition parties, but to no avail.

The opposition parties called on the ruling party to cancel a proposed extraordinary session and drop its plan to pass an amendment to the local autonomy law.

The DLP floor leader said his party would not comply with the opposition demand because the planned sitting was "just an extension of the inaugural session."

The 14th Assembly opened in late June and was adjourned Tuesday after idling away nearly a month.

In the meeting, the opposition parties argued that the DLP should not form assembly committees or pass the revision to the local autonomy law unilaterally. The ruling party said the opposition parties should submit lists of committee members immediately because normalization of the parliament could not be delayed further.

Political sources said UNP floor leader Kim Chong-nam called for an early meeting between Kim Yong-sam and Kim Tae-chung. If they don't meet, the DLP and UNP will seek a meeting between Kim Yong-sam and Chong Chu-yong, the sources said.

DP floor leader Yi Chol warned that if the DLP called parliament into session without the consent of the opposition and passed the revision to the local autonomy law on its own, the DP would "take strong measures."

DP spokesman Chang Sok-hwa said that the DLP's call for an extraordinary session held the National Assembly hostage to cover up conflicts within the DLP over leadership restructuring.

Chang asserted that the DLP should drop its call for an extraordinary session and pledge to run the assembly normally, based on agreement among the three parties.

The UNP took an elastic stand, saying that it would accept the DLP's request to discuss operation of the National Assembly if the DLP promised not to railroad the revision to the local autonomy law through the special session.

"If the session is called jointly by the UNP and DLP, and if the two sides agree on the parliamentary schedule, we can consider attending," UNP spokesman Pyon Chong-il said.

In a separate move, some 25 DP lawmakers announced the creation of a preparatory committee to organize a faction under the flag of political reform before Aug. 15.

The representatives of three groups—Pyongminnyon (the New Democratic Party faction), Minnyon (the Democratic Party faction) and a grouping of first-term lawmakers who declared self-cleansing—said they would dissolve their groups and unite.

Pak Yong-suk, a DP supreme council member, is likely to lead the new DP faction.

Popularity Polls of Presidential Nominees Illegal

SK3107042992 Seoul THE KOREA HERALD in English 31 Jul 92 p 2

[By staff reporter Choe Sang-hun]

[Text] The Central Election Management Committee [CEMC], the nation's top election watchdog, has ruled that conducting opinion polls for candidates and political parties ahead of the presidential election is illegal.

"Conducting surveys to determine the popularity ratings of candidates and political parties in a presidential election violates the Presidential Election Law," a CEMC spokesman said yesterday.

The verdict came in response to the minor opposition United People's Party's request for the committee's interpretation of the law.

Local media institutions, notably dailies and monthlies, have recently been carrying stories based on the results of opinion polls on the popularity ratings of major presidential candidates.

Indeed, these stories have been established as a new trend in the local media industry, with most dailies regularly announcing the results of various surveys jointly conducted with private polling organizations.

But the new trend has also kicked up controversy over the credibility and effects of those opinion polls. Media institutions have long been criticized for their "distorted" interpretation of poll results. Critics have said that newspaper stories based on opinion polls can be worded to exaggerate or play down the results.

The newspapers have also been suspected of making a "sorted" release of survey findings to suit their purposes.

The miserable performances of major polling houses during the March National Assembly elections dealt a severe blow to their reputation. Virtually, no survey predicted that the "throw-the-bums-out" mood was so deep as to strip the ruling party of its parliamentary majority. The wide discrepancies between what was predicted and what actually happened led many to distrust the surveys.

Among them is Chong Chu-yong, the tycoon-turned-leader of the relatively new United People's Party. He says that he does not believe the surveys which give him usually third or fourth place in the popularity list of major presidential candidates.

Chong argues that the surveys have been manipulated by the government intelligence agencies to help the government party. In fact, it is a widely held view among the opposition that some opinion polls are politically inspired.

They fear what is called the "bandwagon" effect of a survey. Opinion polls can be used to attract people toward a certain candidate by creating false popular opinion, as some people tend to be attracted toward a fashionable trend, polling experts say.

The experts say that most local polling organizations, because of financial shortages, can not conduct independent surveys often enough to keep close watch on opinion trends. Some clients ask the polling firms to produce "prescribed" results in order to use them as campaign tactics. Financial needs often force the smaller polling companies to compromise their vocational ethics of objectivity, the experts say.

Despite all these questions about the credibility of opinion polls, however, there are many who believe the current ban on opinion polls about presidential candidates is unconstitutional. They argue that the ban violates the constitutional right of people to express their political views.

In fact, the CEMC has recently proposed a revision of the Presidential Election Law.

* New Bank of Korea Head Praised for Changes

922C0154A Seoul CHUNGANG ILBO in Korean 8 May 92 p 6

[Article by Sim Sang-pok: "Bank of Korea's New Head Praised for Changes"]

[Text] Since the arrival of Cho Sun, the new head of Bank of Korea, the Central Bank's policy on currency management has become firmer than before. It is finally becoming more like what the Central Bank should be. The change at the Bank of Korea is causing tensions in some parts of the government as well as in the financial world.

Although it has been merely one and a half months since the inauguration of Mr. Cho (26 March, 1992), one can detect many signs that the Central Bank is asserting more power these days.

Now the currency has become more tightly controlled than before. Hanil, Chohung, and Cheil Banks all had to pay fines to Bank of Korea on 22 April because they did not have enough reserve funds in the first half of April. Some people at the Finance Ministry objected to this treatment, saying that it was too severe a punishment when these banks had to pay about 400 million won in surtaxes and dividends during the month of April. The Central Bank, however, was firm in demanding the fines because it believed that the rules should be enforced for future currency management.

Bank of Commerce, too, had to pay a fine on 7 May because of a lack of reserve funds. Bank of Commerce was able to ride out the April difficulties without much problem, and it was hoping the Central Bank would be lenient with its reserve funds because its deficit was relatively small. It could not escape the penalty, however.

In developed countries, banks rarely pay fines for insolvency. Bank of Korea insisted that it was unacceptable for any bank to have insufficient reserve funds, however.

Korea's financial world regards that this change of monetary policy at the Central Bank originated with the arrival of Mr. Cho. It is said that President No has given a private consent to Mr. Cho to reform the currency management. The fact that Mr. Cho was a former Deputy Prime Minister should also enhance the prestige of the Central Bank.

Mr. Cho is an advocate of tight-money policy and is credited for boosting the employee morale at the bank. In his inaugural speech, Mr. Cho emphasized that "nothing could be achieved under inflation," and he now seems "determined to correct the current economic situation."

The fact that so far he has not revealed his thoughts on such sensitive matters as independence of the Central Bank and the measure to reveal the depositor's identity has caused some people to question Mr. Cho's ability as an enforcer of rules. The Central Bank's recent action, however, has made it clear that Mr. Cho is very serious about his austerity policy.

The Central Bank has taken a stronger position against the government as well. It is reported that Mr. Cho's speech left quite an impression at the finance ministers' meeting on 16 May. Although the nation's economic outlook is somewhat brighter now, due to the government's careful management of supply and demand, the country's economic future is far from being certain. It is important, therefore, that the government stay on an austerity program for now.

Mr. Cho's powerful speech in favor of the austerity program at this meeting was different from the traditional briefs given by the former heads of the Central

Bank. It is said that President No Tae-u had approved of Mr. Cho's speech prior to the finance ministers' meeting. The substance of Mr. Cho's speech was written in the form of a proposal and was sent to the appropriate directors at the Ministry of Planning Board and the Ministry of Finance on the day of the meeting.

Opinions within the Central Bank are that Mr. Cho is now much more ambitious about his mission than when he was the Deputy Prime Minister. The financial world of Korea is watching Mr. Cho's steps rather carefully.

Focus on Tumen River Development

922C0171A Seoul CHUGAN MAEGYONG in Korean 27 May 92 pp 29-30

[Article: "With the Creation of the Free Trade Zone Along the Tumen River, North Korea Is Actively Seeking to Induce Foreign Investment; Japanese Money Is the Main Target"]

[Text] North Korea's promotion of the Tumen River Project is attracting worldwide attention. UNDP has selected Tumen Region Development as the third largest among its Northeast Asian Projects.

At the UNDP meeting held in Ulanbataar, Mongolia, on 7 May, the first priority was given to the Tumen River Project.

The following article examines the master plan of North Korea's Tumen River Development Program.

North Korea has selected 621 square kilometers around Najin/Sunbong as her Free Economic Trade Zone and designated Najin, Sunbong and Chungjin as the three free-trade ports.

With the Tumen River estuary to the east and the Sea of Japan to the south, this region is about 90 times the size of Seoul's Yoido and is somewhat larger than the total size of Seoul which is about 605 square kilometers.

North Korea is planning to expand the region's present population of 150,000 to 500,000 in the near future, eventually hoping to create a large-scale industrial city of 1 million people. It is said that North Korea wants to host the Winter Asian Games in this region in 1995.

North Korea's Najin/Sunbong Free Trade Area will have not only the light industries of manufacturing knitwear, silk, cosmetics and treating tobacco but also will include the electronics industries for making ICs, semiconductors and VCRs.

North Korea is also building heavy and service industries; they include manufacturing machines, measuring apparatus, oil-pressure gauge, ship repair, treatment of marine products, growing vegetables, maintaining hothouses, making beverages and lumber products. North Korea is embarking on an ambitious project of building an industrial belt, around Tumen River, which will include both light and heavy industries.

Building the infrastructure to support the region's industrial expansion is already under consideration. As a first step, North Korea is not only electrifying the present railroad system, which loops around the northern part of the country (405 kilometers long) but also double-tracking the entire railroad. North Korea is undertaking the task of double-tracking the railroad between Tomoon and Namyang, China. She is also restoring and double-tracking the railroad between Hunchun, China, and Khasan, Russia.

North Korea is building a new loop-highway, 306 kilometers long, which includes an 80-kilometer long direct highway between Najin and Hunchun, China, as well as an 18-kilometer long highway between Najin and Khasan, Russia.

Najin and Chungjin harbors will be expanded to 20-million ton and 30-million ton capacities, respectively. A brand new port, Sinwoongsang, will be created to accommodate 50 million tons of cargo. A new international airport is also scheduled to be built hear the trade center and amusement park in Sushinpo.

The problem is how to develop such a large scale free trade zone and how to secure enough fund for the project. These are the challenges North Korea is facing now.

The capital for investment alone will have to be tens of billions of dollars. At the Beijing meeting, which lasted from 28 to 30 April, UNDP predicted that about 3.5 million dollars would be needed to do preliminary research on the project and that it would cost about 30 billion dollars to lay the basic ground work for the Tumen River development.

Northeast Asian Economic Forum which ended on 4 May in Pyongyang was a means for North Korea to carry on a propaganda for the Najin/Sunbong/Chungjin Project.

At the news conference during the Pyongyang Economic Forum, Kim Tal-hyun, the vice premier of North Korea, said that "other areas, especially Nampo and Wonsan, are also under consideration to become the future Special Economic Development Zones." It is evident that North Korea is now actively seeking foreign investments in her economic development.

Japan's move with regard to North Korea's future economic plan must be carefully watched because it is obvious that Japan is already closely involved in North Korea's project. At the end of last year, a fact-finding team comprised of people from Japan's leading trading companies went to the Tumen region. It is reported that North Korea gave a special treatment to these people.

Japan sent over 60 representatives to the Northeast Asian Economic Forum held in Pyongyang in May. On the other hand, South Korea was initially asked to send only three people to attend the forum, although the number was eventually increased to 18.

This indicates that North Korea is eager to court the more plentiful Japanese money than money from South

Korea. As a matter of fact, it appears that North Korea has already decided on Japan to be her partner in the Tumen Region Development Project. The talk between the two countries regarding this matter has already progressed to a certain degree.

It is rumored that, during Kim Il-sung's visit to China last year, Deng Xiaoping suggested to Kim to secure Japanese capital rather than South Korea's money for developing North Korea's economy.

From South Korea's point of view, the two Koreas should be the rightful partners in developing the Tumen River. In other words, South Korea should participate more actively in this matter. Since the reunification problem of Korean peninsula is yet to be resolved, the government's delicate position is understandable. In case South Korean industries miss out on this North Korean venture, however, the repercussions on the nation's economy will not be good, and the nation's industries may further lag behind Japanese industries.

Cambodia

People's Party National Congress Held 28-29 Jul

28 Jul Opening Session Described

BK3107091392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 28 Jul 92

[Report with recorded portions on the 28 July opening of the Cambodian People's Party extraordinary national congress in Phnom Penh]

[Text] Today, 28 July 1992, is a most auspicious day of historical significance when the Cambodian people throughout the country are proudly concentrating their attention on the capital city of Phnom Penh, where the Cambodian People's Party [CPP] is solemnly opening its extraordinary national congress. This morning the Basak River Hall has witnessed unusual festive and momentous activity. Multicolored pennants are flapping in rows along the front fence and a beautiful national flag of the State of Cambodia [SOC] is fluttering very attractively in the morning breeze atop the auditorium's gigantic temple-like roof.

From 0630 onward many excellencies, ladies, and gentlemen, and members of the CPP from all localities throughout the country arrived one after another. They were seen shaking each other's hands and chatting intimately on the front yard. After holding a short conversation, all the party members went into the hall and took the seats assigned to them by the organizing committee.

The scenes inside the hall were almost beyond description, so beautiful was the decoration. Behind the platform of the presidium hung a large rectangular curtain made of sky-blue and light green, silky cloth. The emblem of the CPP was pasted in the middle of the curtain, slightly to one side. Underneath the emblem read an inscription in fine lettering: Extraordinary National Congress of the CPP 28 July 1992. On the two lateral walls hung many clusters of the SOC national flags. Also on these walls, in the upper half portion, dangled several posters bearing the same slogans as those suspended from the fences and on the outside walls. These slogans read, among other things: Long Live Peace and National Reconciliation! Long Live the World's Peace Forces! Long Live the CPP! Long Live the SOC! Follow the Royal Mandate of HRH Prince Norodom Sihanouk in the Cause of Peace, National Reconciliation, and National Reconstruction!

While waiting for the arrival of the presidium members, many reporters, TV cameramen, and journalists were seen busily readying themselves in preparation for the coverage of the important event that would soon unfold before them.

Ladies, gentlemen, and friends, our dear listeners: The presidium members filed onto the platform at 0740. Right away, the young pioneers stepped in to present them with bouquets. Among these presidium members were His Excellency [H.E.] Chea Sim, chairman of the CPP Central Committee, H.E. Hun Sen, vice chairman of the CPP Central Committee, and other excellencies, the members of the Standing Committee of the CCP Central Committee, including H.E. Say Phuthang, H.E. Bou Thang, H.E. Chea Soth, H.E. Sar Kheng, H.E. Say Chhum, H.E. Mat Ly, H.E. General Tie Banh, Mrs. Men Sam-an, H.E. Ney Pena, H.E. Nguon Nhel, H.E. Gen. Sin Song, H.E. Sim Ka, H.E. Gen. Pol Saroeun, and H.E. Gen. Ke Kimyan, and Prince Norodom Chakkrapong, vice chairman of the SOC Council of Ministers.

After the presidium members have accepted bouquets from the young pioneers, the national anthem and the requiem to the dead began. [the national anthem is played followed by a requiem]

Afterwards, H.E. Chairman Chea Sim took the floor to open the congress.

Hun Sen Gives Closing Speech 29 Jul

BK3007112792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 29 Jul 92

[Report on 29 July closing of Cambodian People's Party, CPP, extraordinary national congress in Phnom Penh—with recorded portion of speech by CPP Vice Chairman Hun Sen]

[Text] For two days our people have been impatiently awaiting the outcome of the extraordinary national congress of the Cambodian People's Party [CPP], an important event that determines the new turning point of the national community's evolution. The national congress busily proceeded according to the agenda with a high sense of responsibility and in line with genuine democracy during these two days.

After hearing the report on the Cambodia situation during the implementation of the Paris peace agreement and the future goals of the party read by His Excellency Hun Sen, vice chairman of the CPP Central Committee, and the report on the amendments of a number of points in the CPP statute, representatives of various regional party committees took turns making speeches to voice the identity of opinion of the cadres, people, and party members from all units and localities in supporting the views and resolutions taken during the CPP extraordinary national congress. They discussed and voiced full support for the reports and proposals on structural changes and the composition of the additional candidates to the CPP Central Committee. They unanimously approved the candidacy of 24 CPP Central Committee candidate members and elected 19 of them to the CPP Central Committee.

After one and a half days of proceedings, on the afternoon of 29 July, the CPP extraordinary national congress solemnly came to its close.

From 1420 onward many CPP congress participants arrived one after another at the congress hall. They either joyously chatted with each other in front of the hall or went on to visit the photo exhibition on the walls inside the hall showing the activities of the top leadership of the CPP and State of Cambodia [SOC] Government.

At 1530 all congress participants went into the hall and took their assigned seats while waiting for the arrival of the presidium members. They admired the new emblem of the party pasted to a large curtain behind the presiding platform. The congress began its final session at 1540, after the presidium members had taken their seats.

First of all, H.E. Chairman Chea Sim invited H.E. Sar Kheng to inform the congress participants of the outcome of the party Central Committee's 17th plenum, which took place at 1400 the same day. Afterwards, H.E. Chea Sim invited Mr. Sok An to read the draft resolution of the CPP extraordinary national congress. After the congress members unanimously adopted it, H.E. Hun Sen, vice chairman of the CPP, took the floor to close the congress. His speech is as follows:

[Begin Hun Sen recording] My respects to the presidium members, prince, excellencies, ladies and gentlemen the party members, and all esteemed guests of honor to the congress:

For the past two days, the extraordinary congress of the CPP actively proceeded in accordance with the set agenda by making decisions on a number of important urgent tasks of the party, contributing to the implementation of the 23 October 1991 Paris agreement in order to bring true lasting peace to our beloved Angkorian motherland. With a high sense of responsibility for the supreme interests of the motherland and people and broadly applying democracy, the congress fully agreed with the report on the Cambodia situation during the implementation of the 23 October Paris agreement and on future goals, unanimously adopted the amendments of the party's statute, and elected a number of additional members to the party's Central Committee.

The congress noted with satisfaction the positive development of the Cambodia situation following the signing of the Paris agreement despite some residual complications. The salient points of the situation during that period—such as the homecoming of His Royal Highness Prince Norodom Sihanouk, head of state, father of the nation, and chairman of Cambodia's Supreme National Council [SNC] to carry out his royal mandate of realizing national reconciliation and national reconstruction; the accomplishments made by UNAMIC [UN Advance Mission in Cambodia] and UNTAC [UN Transitional Authority in Cambodia] in the largest ever UN operation in Cambodia; the sympathy and active support of various countries and especially the recent developments in the drive by the international community for the cause of peace and national reconciliation in and the rehabilitation and reconstruction of Cambodia; and the fact that SOC has succeeded in preserving social stability and has played the role as a most important driving force in the peace process—have inspired all of us with a strong sense of optimism for the success of the Paris agreement's implementation despite the fact that the Khmer Rouge faction continues to refuse to cooperate with UNTAC in implementing the second phase of the cease-fire. The unchanged intransigence of the Khmer Rouge faction has clearly showed that it has no intention of letting the peace agreement reach its ultimate objective.

The congress expressed sincere respect and admiration for all Cambodians, both inside and outside the country, belonging to all strata, such as the intellectuals, Buddhist monks, ethnic people, peasants, workers, combatants, personnel, employees, cadres, or party members who have made great sacrifices in the cause of rebuilding and stabilizing the motherland. These people have enabled the country to obtain present immense all-around achievements which have become and are becoming the foundation for the future success of the peace process and national reconciliation. At the same time, our compatriots have continued actively and wholeheartedly to support the policy and activities of the CPP and SOC Government during the implementation of the Paris agreement and the application of multiparty liberal democracy. An example of this is our full support for H.R.H. Prince Norodom Sihanouk, head of state, father of the nation, and chairman of the SNC, who is undertaking the royal mandate of leading the national reconciliation to bring about peace and national reconstruction. Our compatriots have also maintained strict adherence to the most sincere stance and activities in the implementation of the peace agreement and have made efforts to solve the military, security, social order, economic, and day-to-day life problems—which constitutes an important basis for the normalization of the peace process. We have also shown restraint vis-a-vis the agreement violations and the provocations, the bullyings, and the instigations conducted by some factions, and have favored a deepening democratization of the social life in the service of peace, national reconciliation, and national reconstruction.

The people's support and confidence have given a great boost to the activities of the party and have made our party realize even more clearly its heavy responsibility for the destiny of the nation and motherland and for the vital interests of the people, especially from now on until the general elections that have been scheduled to be held in 1993. The congress expressed resolve to continue accelerating the implementation of the party's political platform, turning it into a concrete reality that will ensure peace, national reconciliation, and the building of an independent, peaceful, free, democratic, and neutral Cambodia with social progress. For the immediate future, it unanimously pledged to entertain good cooperation with UNTAC, to continue participating in actively and sincerely implementing the Paris agreement, and to resolutely support all appropriate measures taken by the international community to break through the deadlock in the Cambodia peace process so that

Cambodia can enjoy genuine lasting peace, happiness, and prosperity with independence, neutrality, and territorial integrity.

In this spirit, the congress would like to unanimously support the UN Security Council [UNSC] Resolution 766 dated 21 July 1992 and the 23 July 1992 statement of H.E. Yasushi Akashi, special representative of the UN Secretary-General, considering them as the best measures to move forward the process of implementing the Paris agreement.

The congress would like to renew unreserved support for the royal mandate of H.R.H. Prince Norodom Sihanouk, head of state, father of the nation, and chairman of the SNC, and volunteer to follow him unconditionally in order to carry on the cause of Sangkum Reas Niyum [Sihanouk's pre-1970 party] in search of peace, national reconciliation, prosperity, and civilization for the motherland and the Cambodian people. The above goals are vitally important under the current circumstances. Only the firm and strong bloc of solidarity and unity among the party members, cadres, personnel, employees, combatants, and compatriots throughout the country and abroad can make these goals a reality.

Once again, on behalf of the CPP, I would like to express deepest gratitude to the entire international community for actively giving moral, material, financial, and even physical support and assistance to Cambodia so that it can enjoy peace and happiness and rid itself of misfortune and poverty.

We highly appreciate the utter moral and physical efforts of the UN secretary-general, of Mr. Yasushi Akashi, special representative of the UN secretary-general and head of UNTAC, of the five permanent members of the UNSC, of the cochairmen of the Paris conference, of Japan, Australia, and of other countries, as well as UNTAC civilian and military personnel in braving and overcoming difficulties and various remaining points so as to render the peace plan in Cambodia effective. The CPP and the whole Cambodian people would like to preserve forever the memory of that great service, pledge to do everything possible to make these efforts bear fruit, and reiterate their respect for and strict adherence to the peace plan.

Availing itself of this opportunity, the congress would like to appeal to the international community and the cadres of the UNTAC operation, of the UNSC, and of the Paris International Conference to continue taking drastic measures in order to protect the Cambodian people and factions that cooperate with UNTAC in implementing the Paris agreement and prevent them from falling victims of the Khmer Rouge actions. The long-suffering Cambodians should not become hostages because of the intransigence and savagery of the Khmer Rouge. The Paris agreement, the fruit of the long toil of the international community, should not be allowed to be destroyed by the Khmer Rouge. Therefore, all measures, including sanctions against the Khmer Rouge, must be taken in order to come to the rescue of the Cambodian people and the Paris peace agreement. Indeed, there is no better choice than to discard the Khmer Rouge or leave the Khmer Rouge out in order to move toward free and fair election if the Khmer Rouge continue to refuse to take part in the peace process.

The CPP has no intention of discarding the Khmer Rouge from the political solution, but it is the Khmer Rouge and no one else who have put themselves outside the political solution to which they are a signatory party.

On the same occasion, from this platform, I sincerely appeal to all political parties that are to join in the forthcoming elections of the constituent assembly to place the national and people's interests above everything else and to actively participate in correctly implementing the Paris agreement, thus creating an atmosphere of mutual understanding, reciprocal trust, and genuine democracy in the social community. The implementation of the Paris agreement is the only way leading our motherland to peace, national reconciliation, and progress. Creating obstacles to the peace process can only prolong the people's suffering and merely constitutes a contempt of the efforts and sympathy of the international community, which in itself is a criminal act against national history. Moreover, some political parties have been using the Khmer Rouge as a counterweight to create conditions to win votes for themselves during the elections. That constitutes an unethical act for politicians and runs counter to the desire of the people. These persons are intentionally playing the Khmer Rouge game. It certainly is immoral and unconscionable if these parties, in order to win votes, use contemptible methods, implement democracy through dark alleys, and force the entire society, the whole people to pay a high price for them to achieve their political ambitions. True democracy is not the turf of any anarchist and the Cambodian people are not a plaything of any political party.

From this platform, on behalf of the congress as a whole, I appeal to all party members, all officials, all institutions, and the compatriots both at home and abroad to heighten the sense of patriotism, continue to make efforts in implementing the agreement by closely and effectively cooperating with UNTAC, and continue to observe restraint and to deal with all kinds of situations so as to maintain social stability, which is a factor necessary for ensuring the normalization of the peace process in the spirit of the Paris agreement. All levels of the party must focus on the mass motivation movement, continue to publicize and to concretize the party's political platform, firmly adhere to the tradition of protecting the people's interests under all circumstances, and strive to respond to all the demands, difficulties, and discontent of the people.

On this occasion, I urge all officials and compatriots to pay attention to effectively preventing the tricks of the genocidal Polpotists, who are trying to create socioeconomic chaos through economic sabotage in an attempt to turn economic problems into political problems, to add up the military measures that they are taking in violation

of the Paris agreement in order finally to set up a genocidal regime in Cambodia once again. The Khmer Rouge call for the dissolution of the riel currency is the same method they had used before and during the time they controlled power. Now again the Khmer Rouge are using the same method to undermine the nation and people. I would like to stress that besides being legal tender, the riel bank notes that have been put into circulation so far have already become the people's legal assets. Any attempt to eliminate the riel currency constitutes an attempt to confiscate the Cambodian people's legal property, which cannot be tolerated. Therefore, in order to protect the personal interests of each citizen, it is imperative for all to fight back against the tricks of the Polpotists through the continued usage of all denominations of the paper money that the state has put into circulation. Failing to do so, the people themselves will be the ones affected to the benefit of the Polpotists.

Dear prince, excellencies, ladies, and gentlemen, although the road toward lasting peace in Cambodia free from the recurrence of genocide remains strewn with many obstacles, complications, and difficulties, the CPP and SOC Government as well as the Cambodian people as a whole always continue to be optimistic that the Cambodia peace process is irreversible under the enlightened leadership of H.R.H. Prince Norodom Sihanouk, head of state, father of the nation, and chairman of the SNC, and with the wholehearted support and assistance of the international community and the active support of the Cambodian compatriots everywhere. The international community has clearly reaffirmed its determination not to let the process of implementing the Paris agreement retrogress or be destroyed by any faction. The blossom of peace that is budding in the Cambodian motherland will be treasured and will flourish without fail.

I wish your highness, excellencies, ladies, and gentlemen the participants to this congress and all compatriots everywhere happiness and success in all your tasks undertaken in the cause of peace and national reconciliation in Cambodia. I declare the congress closed as of now. Thank you. [applause] [end recording]

Afterwards, the congress' master of ceremony invited the presidium members and congress participants as well as all observers to stand up and salute the national anthem in the final part of the program. [the national anthem is played]

As the congress came to a close, representatives of regional party committees from all units and localities who attended the congress filed out of the conference hall with their hearts brimming with pride in the brilliant success of the congress. We are confident that after returning to their units and localities, all these representatives will publicize the outcome and decisions of the congress among the officials, employees, people, and local party members so that they will further accelerate the implementation of all national reconstruction and development endeavors and in the immediate future so that they will strive to contribute to implementing the peace agreement for the happiness and prosperity of the people and the glorious future of the motherland.

Letter Clarifies Ieng Muli Incident With Police

BK3007153192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 30 Jul 92

[30 July letter of the Ministry of National Security to UNTAC Head Yasushi Akashi—read by announcer]

[Text] Dear Excellency Yasushi Akashi, head of the UN Transitional Authority in Cambodia [UNTAC]:

We would like to report on the disturbances experienced by H.E. Ieng Muli during his travel from Sihanoukville to Phnom Penh on 25 July 1992 as follows:

1. An armed robbery took place in Kampot Province and the criminals were reported to have fled to Sihanoukville on 23 July 1992. The Kampot provincial police wired their colleagues in Sihanoukville asking them to cooperate in suppressing the wrongdoers. The Sihanoukville police took general administrative inspection measures in the city and along the national highway in order to flush out the culprits, especially any illegally armed elements passing by.

2. The inspection was continued until 25 July 1992 when the delegation of H.E. Ieng Muli arrived. The fraternal policemen on duty asked to search the delegation, but the delegation refused to let them search, thus causing a lengthy argument before the delegation caved in. During the search, two persons were found not having their names on the list of the delegation—namely, Mr. Seng Phon and Mr. Cheng Sok, who did not carry any papers identifying their precise address and profession. Moreover, four weapons were discovered in the car of the delegation, including two AK's—one with serial number 49/93 was made in the Soviet Union and the other with serial number 95/98 was made in China—and two pistols that were carried on the persons of the delegates and were not submitted for inspection. It is to be noted that these four firearms did not have any permits.

Seeing that H.E. Ieng Muli was a member of Cambodia's Supreme National Council [SNC], the policemen did not arrest the delegation. They merely invited it to make a deposition at the Police Station of Prey Nop District. The delegation, however, refused to comply. Only after a UNTAC team had arrived on the scene did it agree to make the deposition. At the Police Station of Prey Nop District, the UNTAC team confiscated the two AK's and said they would be returned in Phnom Penh. After it had filled all the necessary formalities, we authorized the delegation of H.E. Ieng Muli to return to Phnom Penh on the same day.

3. In his statement on 26 July 1992, H.E. Ieng Muli pointed out that in line with the Phatthaya agreement concerning personal security, each SNC member has the right to bring along three armed security officers from

his faction. In that statement, using slanderous terms very scornful of the Government of the State of Cambodia [SOC], he said: I am a living witness to an oppressive regime which continues to harshly persecute the people.

We would like to stress that this remark is without truth and is slanderous, provocative, and ill-intentioned. The Phatthaya agreement and the statement of His Royal Highness Prince Norodom Sihanouk in Paris on 25 October 1991 clearly underlined that the right to use protective forces and weapons is limited to ensuring security within the residence and during the travel between the residence and the SNC headquarters only. As for security outside the residential area, it falls under the responsibility of the local administration. Therefore, to carry arms from the residential area to various destinations within the zone under SOC control, SNC members as well as leaders of all parties should request prior permission from the SOC faction. H.E. Ieng Muli neither notified nor asked permission of the SOC faction to carry personal arms. In his notification to the SNC Secretariat, he informed it only of the number of persons and not of the weapons.

The search for illegal persons and arms is part of the measures to ensure security and order and constitutes the legitimate right of the local administration meeting all the requirements of the implementation of the 23 October 1991 agreement. It is a necessary measure generally practised by all administrations.

Did H.E. Ieng Muli, who did not respect even normal procedure and who instead shifted the blame on others, commit an infraction or did he not? The SOC faction has strictly complied with the 23 October 1991 Paris peace agreement while the other factions have repeatedly committed violations against it and have sought by all means to put the blame on it. In the face of these violations, we have always maintained restraint and observed a reconciliatory attitude because we want peace. On behalf of the Ministry of National Security, we express profound regrets at the 25 July 1992 incident in Prey Nop District as a result of which H.E. Ieng Muli angrily accused us of bullying him. It is undeniable that H.E. Ieng Muli used the label of a faction's SNC membership to intimidate those whose duty is to protect the safety of the people as well as provide security for the delegation itself.

4. With the aim of having genuine but fair peace in the spirit of the 23 October 1991 Paris peace agreement and with firm conviction in the neutral stance of UNTAC, we would like to ask H.E. Yasushi Akashi to please consider and take measures so that all factions honestly and correctly implement all the contents of the accords they have signed. The SOC would like to express warmest confidence in the efforts made by UNTAC for peace, stability, and social progress in Cambodia.

Please accept the expression of our highest and most sincere regards.

[Dated] Phnom Penh, 30 July 1992

[Signed] For the minister of national security, Deputy Minister H.E. Sin Sen

Prince on Support From 2 'Friendly' Countries

BK3007131392 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 30 Jul 92

[Text] His Royal Highness [HRH] Prince Norodom Ranariddh, chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party and member of Cambodia's Supreme National Council [SNC], said on Wednesday, 29 July, that two friendly countries that have always supported FUNCINPEC all through its struggle for Cambodia's national independence will continue their support for FUNCINPEC until after the elections. The prince, however, did not identify the two friendly countries by name. He made that statement during the opening of a seminar on the election-organizing provincial committees at the Rumchang base of the National Army of Independent Cambodia controlled by the FUNCINPEC Party in Oddar Meanchey Province.

HRH Prince Norodom Ranariddh said that the aid given the FUNCINPEC Party by the friendly countries will be limited only to the party's political activities. He went on to say that the friendly countries will assist FUNCINPEC in the electoral campaign and in providing financial support for all political offices of the FUNCINPEC Party to be set up in each province of Cambodia soon.

HRH Prince Norodom Ranariddh, chairman of the FUNCINPEC Party which is loyal to and follows the policy of HRH Prince Norodom Sihanouk, said that the upcoming election in Cambodia is an issue of vital importance to the nation. This is because should a Vietnamese-created political party win the election, Cambodia will never have 100 percent national independence. He noted, however, that only if the FUNCINPEC Party wins can there be 100 percent national independence in Cambodia.

On the present international political stage, HRH Prince Norodom Ranariddh said, FUNCINPEC is enjoying the affection and support of the Cambodian public, especially the old folks who know him as the son of HRH Prince Norodom Sihanouk, who used to bring happiness to the Cambodian people and lead the country toward peace and prosperity under Sangkum Reas Niyum. The prince said that in the Phnom Penh constituency alone FUNCINPEC has enlisted 31,000 members so far. He also said that on 23 July, HRH Prince Norodom Sihanouk, head of state and chairman of the SNC, praised the FUNCINPEC Party's policy as being on the right track. The prince went on to say that his father also admired his party for adopting the best strategy to win the people's support because FUNCINPEC has never resorted to demagoguery and FUNCINPEC's real objective is the resolute defense of the national ideal which is the foundation of the Sihanoukist principle that FUNCINPEC has espoused.

Khmer Rouge Attacks, Mine Leave 8 Dead

BK3007145792 Phnom Penh SPK in French 1102 GMT 30 Jul 92

[Text] Phnom Penh 30 Jul (SPK)—According to the Military Coordination Commission with UNTAC (UN Transitional Authority in Cambodia), a mine planted by the Polpotists east of the Kulen district seat, Preah Vihear Province, blew up a truck, killing two and wounding four combatants of government forces at 1330 on 23 July.

On 21 July the Khmer Rouge attacked a car some four km from Pich Nil on National Route 4 linking Phnom Penh with Sihanoukville (former Kompong Som City), killing the driver and two passengers. Four other passengers were taken away with the car.

According to Colonel Neang Sar, chairman of the Military Coordination Commission of Kompong Thom Province, the Khmer Rouge are prepared to launch a large-scale attack to seize several districts of the province.

At 0550 on 18 July from 50 to 60 men of the Polpotists' Division 785 looted Chak Tralaok Village, Baray Commune, Kompong Thom Province. They wounded eight villagers and took some precious goods with them.

At 2000 on 19 July the Khmer Rouge of Division 616 fired three H-107 rockets on Krachap Chamnoch Village of the Kompong Thom provincial seat, killing three inhabitants. On the same night, the Polpotists planted mines at the Voar Yeav airfield and on National Route 12. On the following day the government forces unearthed two anti-tank mines and destroyed 43 others along that national route.

On 20 July, 40 Khmer Rouge from Regiment 530, Division 785, under the command of Ra looted Rumlong market, Treal Commune, Baray District. During the 40 minutes of their occupation of the village, they wounded an inhabitant, burned down a house and 500 kg of paddy, and took away 995,000 Cambodian riels and other valuables.

Government To Allow UNTAC Radio Station

BK3007115092 Phnom Penh SPK in English 1059 GMT 30 Jul 92

[Text] Phnom Penh SPK July 30—The Phnom Penh government has agreed to allow the United Nations Transitional Authority in Cambodia [UNTAC] to set up its own radio station in the State of Cambodia.

The agreement was reached during the talks conducted today between Cambodian Prime Minister Hun Sen and UNTAC Chief Yasushi Akashi.

Under the agreement UNTAC will set up its own radio station while [it] continues to use the government radio to broadcast its programme.

The government radio "The Voice of the Cambodian People" will continue to broadcast its programme as usual, it was agreed.

The financial affairs was also discussed during the talks in which they agreed that study would be made on this matter so as to stabilize the Cambodia economy.

Sihanouk, Others Receive French Parliamentarians

BK3007130492 Phnom Penh SPK in English 1050 GMT 30 Jul 92

[Text] Phnom Penh SPK July 30—A delegation of the Cultural, Socio and Family Commission of the French parliament, left here Tuesday, 28 July, after a six day official visit to Cambodia to promote bilateral scientific and cultural cooperation.

While here, the delegation which comprises of Mr. Queyranne of French Socialist Party, and Mr. Bourg Broe of the Rassemblement Pour la Republique (RPR), was granted an audience with Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council of Cambodia (SNC). It also held separate talks with ministers of culture, education and foreign affairs of the State of Cambodia as well as leaders of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and KPNLF [Khmer People's National Liberation Front]. During these talks, the French parliamentarians expressed their deep impression of the rapid popularity of French language in Cambodia and their country's willingness to take part in restoring Angkor Wat temple.

Indonesia

New CGI Aid, Dutch Minister's Visit Hailed

BK3007102492 Jakarta THE INDONESIA TIMES in English 19 Jul 92 p 2

[Editorial: "New Aid-Indonesia Forum Without the Dutch"]

[Text] A new page in, and instrument for advancing, Indonesia's relations with its foreign economic partners via international or multilateral aid councils began in Paris this week with the convening of the Consultative Group for Indonesia (CGI). The conference, sponsored by the World Bank, replaced the Inter- Governmental Group for Indonesia (IGG) which was disbanded as requested by the Indonesian government in order to eliminate Netherlands involvement and chairmanship in this country's multilateral economic assistance programme.

The visit of Dutch Foreign Minister Hans van den Broek to Indonesia, coinciding precisely with that first meeting of CGI, is especially noteworthy. It is timely and definitely also a welcome visit.

We welcome Foreign Minister van den Broek primarily because his arrival proves that the governments of the two countries are desirous of continuing bilateral relations on a more conducive footing, in spirit as well as form, in every conceivable sense. Indeed, there are problems and difficulties in the relationship of any two nations, but, as demonstrated by Indonesia and the Netherlands, such constraints should not be allowed to block the search for ways and means to pursue mutually-fruitful cooperation.

Thus, we want the Dutch minister's trip to really succeed in shaping concrete results in terms of attaining the objective of enhancing bilateral ties. At least, it should succeed in reaffirmiong mutual mutual understanding, trust and confidence.

By no coincidence, Coordinating Minister Radius Prawiro's speech before CGI delegates in Paris underscores the imperative of understanding, trust and confidence among nations and peoples. The speech is an explicit exposition of the problems and challenges of Indonesian development that can be better overcome with the collective assistance of the international development community.

Doubtless, nothing in Minister Prawiro's data and appeal is really new or original. But it is equally undeniable that such open and direct exchange of views is necesary toward building understanding, trust and confidence.

It does not mean weaknesses and errors should or could remain under the carpet. It does mean, however, we need solutions to problems but not their politicization which solve nothing.

In the economic context, viewed against the realities of global economic linkages and interdependence, national development is investing in the future not only for one but for all states. There must, however, be room and respect for national specificity, be it philosophical, political, ecoomic or cultural, otherwise conflicts will persist and keep governments away from urgent solutions.

Whatever the qualitative or quantitative elements of its outcome, the Paris meeting is fundamentally similar to IGG in terms of set-up and objectives. We want it to proceed constructively until it serves its full purpose.

Laos

DPRK Friendship Group Returns Home 30 Jul

BK3007151492 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 30 Jul 92

[Text] This afternoon, Yi Chol-pong, DPRK minister of city management and chairman of the Korea-Laos Friendship Association, left for home after completing his seven-day visit to Laos.

During the visit, his delegation called on several Lao leaders, attended a social gathering commemorating the Month of Solidarity with the Korean People, and toured a number of production bases.

Australian Group Gives Aid to Vientiane Hospital

BK3007114092 Vientiane KPL in English 0912 GMT 30 Jul 92

[Text] Vientiane, July 30 (KPL)—The World Vision Australia recently donated an aid of AUD [Australian Dollar] 250,000 to the Hospital No. 103, in Vientiane.

The aid was used to purchase four truck loads of medical equipment and supplies, including infant humidifiers. The medical equipment and supplies were donated, as humanitarian gesture by individual Australians, through the World Vision's representative in Vientiane.

A hand-over ceremony organized at the Hospital No. 103 was attended by Mr. Michael Mann, Australian ambassador to Laos PDR [People's Democratic Republic] and Dr. Phai Latsami, deputy minister of public health, and other officials concerned.

Luang Namtha Holds Meeting on Security Work

BK3107034792 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 31 Jul 92

[Text] In late July, the military and police commands of Luang Namtha Province held separate meetings to review and assess national defense and public security maintenance work in their province in the first six months of this year.

At each meeting, chaired by Kouan Keomani, secretary of the provincial party committee, governor of Luang Namtha Province, and chairman of the province's national defense and public security maintenance council, the participants noted and jointly assessed the province's performance in the past six months. At the same time, they also studied a scheme to effect a peaceful change implemented by bad elements, who are intent on subverting and destroying the country and creating disturbances to undermine peace among our people.

In addition, each meeting also unanimously adopted an action program for the second half of this year. The program is to direct cadres, soldiers, and policemen to urgently help build grass-roots public security maintenance work among the masses. In addition, it will get them to continue building the people's war posture; prepare to promptly smash all enemy subversion; and enhance the bravery of the armed forces. This is to make them become politically convicted and tactically strong, and get them to pay attention to logistics for the welfare of cadres and combatants.

The two meetings also discussed and decided to help publicize a memorandum on economic and cultural cooperation as well as on border cooperation between the PRC's Yunnan Province and the three Lao provinces of Luang Namtha, Oudomsai, and Phong Saly.

Philippines

Panel Formed To Renegotiate on Nuclear Plant

HK3107023292 Manila Manila Broadcasting Company DZRH in Tagalog 0900 GMT 30 Jul 92

[By Dick Synchongco]

[Text] President Fidel V. Ramos has formed today a five-man panel that will renegotiate with the Westinghouse Corporation for better terms in favor of the Philippines during settlement discussions on the controversial Bataan Nuclear Power Plant.

Executive Secretary Peter Garrucho said the panel will be headed by former Senator Vicente Paterno. The president has also asked four members of the past administration, namely, Sedfrey Ordonez, Jaime Guerrero, Meneleyo Carlos, and former Science and Technology Secretary Cesarino Foliosco, to join the five-man group. The panel will meet with Westinghouse representatives to draft other details of the compromise agreement on the operation of the 620-megawatt nuclear power plant.

It will be recalled that part of the agreement specifies that the Philippine Government shall withdraw the multi-million [currency not indicated] damage suit it filed against Westinghouse for building a defective plant in Morong, Bataan. The country has also charged Westinghouse with bribing former President Ferdinand Marcos to win the contract for the plant.

Taiwan Businessmen Interested in Subic Base

HK3107033692 Manila MANILA BULLETIN in English 31 Jul 92 p 8

[Text] The Taiwanese embassy in Manila is organizing an on-site tour of Subic Base, Olongapo City, and adjoining areas for a group of top 150 Taiwanese industrialists.

This was announced yesterday by Olongapo City Mayor Richard J. Gordon, head of the Subic Bay Management Authority (SBMA).

Gordon recently held discussions with Ambassador Po-Lun Liu, head of the Taipei Economic and Cultural Office in the Philippines, and C. Y. Ma, director of its economic division.

"The Taiwanese are interested in investing heavily in the area," Gordon said. "They are particularly interested in an active participation in tourism development, yacht-building, and light industries."

A deep interest was also expressed by the Taiwanese officials to put up a Taiwanese village there to house investors, Gordon said.

The government is stepping up its plans to convert the area into a special economic and free port zone in time for the U.S. pullout in November.

House of Representatives Supports Rebel Amnesty

HK3107040792 Manila PHILIPPINE DAILY INQUIRER in English 31 Jul 92 p 1, 10

[Text] All but five members of the 200-member House of Representatives yesterday signed a resolution supporting President Ramos' amnesty proclamation for over 4,000 rebels.

House Concurrent Resolution No. 3, sponsored by 195 congressmen led by Speaker Jose de Venecia, adopts the President's Proclamation No. 10 issued last Monday.

The proclamation endorses amnesty for 4,485 rebels who have applied for amnesty under guidelines prescribed in the 1989 Executive Order [EO] No. 350 of former President Corazon Aquino.

Rebels who have yet to apply for amnesty have until the end of the year to do so.

In the Senate, Sen. Rodolfo Biazon (LDP) [Struggle of Filipino Democrats], former Armed Forces chief of staff, filed a resolution categorizing military rebels who should be included in the amnesty program.

These include those who went on absence without leave for political reasons from 1983 to 1992 and those in custody or being hunted for their involvement in past coup attempts.

The House resolution was referred to the defense committee, which is expected to take less than a week to deliberate and report out the resolution to the floor for approval.

Those who have not signed the resolution are Representatives Junie Cua (NUCD [National Union of Christian Democrats], Quirino), Ali Dimaporo (KBL [New Society Movement], Lanao del Sur), Jose Ong (NUCD, Northern Samar), Angel Carloto (LDP, Zamboanga del Norte) and Said Lucman of Lanao del Sur. The last four have yet to be proclaimed.

The grant of amnesty, Mr. Ramos said in his proclamation, "shall completely obliterate the criminal offense and extinguish the criminal liability" of those who are "desirous of resuming their lawful pursuits or occupations as loyal and law-abiding citizens."

Rep. Jose Yap (LDP, Tarlac), who has yet to formally assume the chairmanship of the defense committee, said the 4,485 rebels have returned to the fold of law but they can still be charged without the amnesty.

The proclamation calls for the creation of a National Unification Commission, an advisory body which will present to the President within three months a "viable amnesty program" for all rebels.

The overwhelming sentiment in the House is for a total, unconditional amnesty.

De Venecia, who is pushing for absolute amnesty, said amnesty should first be granted to the 4,485 applicants before offering it to others.

This is so as not to jeopardize the applicants' desire for amnesty should other rebels reject the offer, he said.

Under EO 350, those who may apply for amnesty are persons who have committed treason, conspiracy and proposal to commit treason, espionage, rebellion or insurrection, inciting to rebellion, sedition, illegal assemblies, illegal associations, resistance and disobedience to authority, subversion and illegal possession of firearms and explosives.

Mindanao Communists Present Demands for Action

HK3007143292 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 30 Jul 92

[By Rodney Jaleco]

[Text] Communist rebels in Southern Mindanao, according to a high-ranking military official, are set to intensify their campaign to press the Ramos administration to address their six basic demands.

Brigadier General Romeo Padiernos, Armed Forces of the Philippines Civil Relations Service chief, has learned of instructions emanating from the Communist Party of the Philippines-New People's Army Southern Mindanao Regional Committee [CPP-NPA-SMRC] ordering all its subordinate committees to intensify their campaign to press the Ramos government to address their six basic demands, namely the condemnation of U.S. interference in the country's economy, the implementation of genuine agrarian reform, the junking of the government's total war policy [against insurgents], the release of all political prisoners, the suspension of all debt payment to all foreign banks, and the closing down of the Bataan Nuclear Power Plant. The SMRC has also ordered the republication of the party' official organ.

The general said the communist rebels' plans and actions may be preludes to more agitation by the CPP-NPA through its front organizations.

Released Communist Rebels Demand 'Total War' End

HK3107035392 Manila BUSINESS WORLD in English 31 Jul 92 p 12

[By Wilfredo G. Reyes]

[Text] In a pronouncement that may indicate a certain degree of cohesiveness within CPP/NDF/NPA [Communist Party of the Philippines/National Democratic Front/New People's Army] ranks regarding Government's projected comprehensive peace program, the 13 recently-released members of the insurgents' Northern Luzon Commission and Cordillera Regional Committee demanded the release of "all political prisoners...and to put a stop to the ongoing total war," the latter a euphemism for demanding the withdrawal of the Armed Forces of the Philippines' (AFP) counterinsurgency (COIN) forces from insurgent-infested areas.

Their demands, presented as assurances of Government's sincerity [as published], coincided with earlier preconditions set by the insurgents' Central Visayas Command (CVC), which encompasses Cebu, Bohol and Negros Occidental.

It will be recalled the CVC had demanded the cessation of all COIN operations as one of their preconditions. Moreover, the released detainees' demands echoed detained CPP cadre Satur Ocampo's earlier challenge for Government to drop all criminal charges against remaining incarcerated insurgents and set them free unconditionally.

Defense Secretary and National Unification Commission (NUC) chairman Renato S. de Villa earlier said government COIN forces would only be withdrawn with the accomplishment of the entire peace process. This means such forces would stay in place even beyond the expected legalization of the CPP so long as the peace and order situation warranted such armed presence. As regards detainees, he disclosed the NUC would still have to draw up uniform guidelines and identify those detainees who would benefit immediately from an executive amnesty.

This most recent insurgent pronouncement comes at a time when Government is preparing a negotiating strategy that would encompass all the highly autonomous insurgent commands and factions, not to mention ultra-rightist rebels and the secessionists.

Government analysts had earlier voiced apprehensions regarding the possible proliferation of various insurgent preconditions due to the CPP/NPA's highly decentralized structure. It has been noted that while such a prospect may facilitate Government's task of coming to terms with various target groups, uncoordinated insurgent conditions may also prove to be unmanageable for NUC strategists.

Thailand

Military Exercise Successfully Concluded

BK3007135292 Bangkok Army Television Channel 5 in Thai 1230 GMT 30 Jul 92

[Text] The Logex '92 joint military exercise of the various branches of the armed services and state enterprises has been successfully concluded as targeted. Presiding over the closing ceremony of the military exercise, Admiral Han Sakunphanit, deputy supreme commander, presented certificates to officials and representatives from different agencies at the Ambassador City Hotel in Chon Buri Province. The Logex '92 joint Military, opened on 27 July, was aimed at testing coordination among various agencies in logistics. The deputy supreme commander said that the four-day exercise was successful and that the U.S. abstention from this exercise

was good for us because it enabled us to test our armed forces' ability in solving problems and self-sufficiency. The deputy supreme commander also said that an ASEAN joint military exercise is possible in the future because there has been an agreement in this regard among ASEAN member countries.

Army Chief Cancels Trip To Avoid Protesters

BK3107020192 Bangkok BANGKOK POST in English 31 Jul 92 p 3

[Text] Nakhon Si Thammarat—Army Chief Itsaraphong Nunphakdi called off a planned visit to this province yesterday because of protests by pro-democracy groups.

Some 100 villagers began gathering in front of the provincial town hall at 8:30 a.m. in anticipation of the general's arrival.

They later decided to move to the Fourth Army after it became apparent that the trip had been cancelled.

Gen Itsaraphong had been scheduled to arrive at Wachirawut Camp, the Fourth Army headquarters, at 9 a.m.

Local pro-democracy groups, led by the provincial branch of the Confederation for Democracy, announced on Wednesday they would protest against Gen Itsaraphong because they said he no longer had the legitimacy to serve as Army chief after his role in the May events.

They later handed a letter to Governor Kitti Pratumkeow and Fourth Army Region Commander Lt-Gen Kitti Rattanachaya to convey the message that Gen Itsaraphong was unwelcome in the province.

Anan, Provincial Businessmen Discuss Elections

BK3107014192 Bangkok BANGKOK POST in English 31 Jul 92 pp 1, 3

[Text] Prime Minister Anan Panyarachun last night appealed for Thais to have confidence in themselves and not to lose hope in democratic government.

With the election more than a month away, a large number of people have become desperate and feel bored with the democratic system, he said. They fear bad politicians will be re-elected to Parliament and, again, a bad government will take office.

"Where is the fighting spirit, the patience? Don't we have any conviction at all?" he asked in his speech to about 500 provincial businessmen at the Central Plaza Hotel.

Because of this defeatist attitude, democratic development has not progressed as it should after more than 60 years, he said. He urged people to do away with this attitude, to have trust in themselves and to have faith in democracy.

"We must have faith that goodness is immortal and will overwhelm evil."

He said the problems confronted by Thailand are no worse than those facing other countries. "Our problems are no different to those in other countries nor are they unique and unsolvable. We must be confident in ourselves."

He urged provincial businessmen to check the background of political parties and their candidates contesting the election to ensure that only "quality" politicians are elected.

Provincial businessmen should provide intellectual leadership by refraining from using money to "buy" favours from politicians. Such a malpractice, he warned, will send the country down the drain.

He said he had heard criticism of provincial businessmen for bankrolling "low quality" politicians. "I don't want to believe that and I don't want businessmen to face such an accusation."

However, he said it is not unusual for businessmen to support parties of their liking. But he urged them to first check the parties and candidates to find out their policy, their political viewpoint and financial background.

In the past, businessmen chose to commit themselves to parties or their candidates and, therefore, were reluctant to admit openly their relationship.

Like quality goods, "quality" politicians are important for the future of the country. "If the goods you produce are below standard, you will receive claims for compensation. You just pay the money and the case is settled. But if the quality of politicians is below standard we cannot solve the problem simply by making payments because we have committed the future of the country to substandard "raw material," the Premier said.

While repeatedly stressing the importance of "quality" politicians Mr Anan said "bad" politicians who can reform and who repent should be given a second chance.

He urged provincial businessmen to support democratic rule by allowing their employees to take leave to return home to vote and also to encourage them to cast their ballots. They can also help by acting as "eyes and ears" of the PollWatch, he said.

The September 13 election will be the turning point of the country, the Premier said. He always opposed the seizure of power "because it is not the way to solve problems."

Citing the illegitimacy of his own administration after the overthrow of the Chatchai administration, he said he had tried to prove to Thais that his administration is responsible honest, responsive to the hopes of the people and has morals.

The Premier talked about the intention of his administration to try to narrow the income gap between the rich and the poor.

PRC, Japan Initiatives on Cambodia Aided

BK3107010792 Bangkok THE NATION in English 31 Jul 92 p A2

[By Kawi Chongkitthawon]

[Text] Thailand is coordinating two separate initiatives developed by China and Japan aimed at breaking the current deadlock in the Cambodian peace process, according to reliable sources.

The Foreign Ministry hopes that the combination of the two initiatives would help persuade the Khmer Rouge to enter the second phase of the ceasefire agreement before the deadline next month.

Foreign Minister Asa Sarasin said recently that the Khmer Rouge has until the end of August to abide by the peace accord before further action is taken against them.

The United Nations Security Council has passed a resolution to ban all international aid to the Khmer Rouge if they fail to heed the peace plan.

The sources said the first initiative is taking shape as Beijing plans to send a team of experts to Bangkok in early August to work out a joint approach with Thailand toward the Khmer Rouge.

Japan's initiative was first brought up in a discussion on July 17 between Sakutaro Tanio, foreign policy adviser to the Cabinet and Sarot Chawanawirat, deputy permanent secretary, and Khmer Rouge leader Khieu Samphan.

At the meeting, Tanino probed the possibility of Japan playing a key role in addressing the Khmer Rouge's concerns in order to convince the group into participating in the peace plan.

China attended the discussion, but the sources said Beijing opted out and decided later to intensify the Thai-Chinese endeavour.

"Thailand is acting as a coordinator and offered its good offices because of its closeness to the Khmer Rouge," said one Thai official, who asked not to be named.

Asa has agreed with Chinese Foreign Minister Qian Qichen that the two countries must cooperate closely to give momentum to the peace process.

The sources said Thailand has urged Japan to adopt a more neutral position toward the Khmer Rouge. Tokyo has given the impression that it is pressuring the group to comply with the peace plan without considering their complaints.

The Khmer Rouge demanded a UN verification of the Vietnamese troop withdrawal and a more powerful Supreme National Council (SNC) to run Cambodia.

While Thailand, Japan and China have agreed that the issue of Vietnamese troops pullout is no longer considered an obstacle to the peace process, they think the issue of how to improve the SNC'S administrative power poses a problem.

The sources said that Thailand and China would meet with the top Khmer Rouge leaders in the near future to convince them that "it is their last chance to make peace", failing which they would have to face the consequences.

Japan is moving assertively on all fronts to ensure that the planned dispatch of its defence forces would not be delayed by the armed Khmer Rouge guerrillas. Tokyo has said it would not send its troops to join the peacekeeping force if the Khmer Rouge is not disarmed.

The sources said that Tokyo has suggested setting up a working group called the "Administrative Consultative Body (ACB)" comprising representatives of the four factions and the United Nations Transitional Authority in Cambodia (UNTAC).

The ACB will meet as frequently as possible and assume an active role in developing advice to the UNTAC.

EC Sanctions Possible Due to Copyright Piracy

BK2907054992 Bangkok BANGKOK POST in English 29 Jul 92 p 26

[Text] Thai officials have warned that Thailand faces European Community trade sanctions because Brussels is demanding more than Bangkok can deliver in the last round of bilateral negotiations on copyright piracy due to begin today.

Intellectual Property Department Deputy Director General Yanyong Phuangrat said yesterday the concrete results that the EC is demanding—such as cutting video and audio tape piracy in Thailand by 40-50 percent within six months—would be difficult to achieve.

They said that if the two sides fail to agree in the talks, scheduled for today and tomorrow, the EC could unilaterally impose trade sanctions against Thailand.

Today's talks are at official level, with Thailand represented by Deputy Commerce Permanent Secretary Kroekkrai Chiraphaet and the EC by its Bangkok-based ambassador, Albert Maes.

Issues requiring political decisions will be handled at tomorrow's meetings between Deputy Commerce Minister Pridiyathon Thewakun and representatives of the EC's Executive Commission.

Mr Yanyong said the talks would demonstrate whether the EC is negotiating in "good faith" because Brussels is well aware how much the Thai Government has already achieved and what Bangkok's future intentions are on copyright piracy.

This week's talks were originally scheduled to be held in September. The EC asked for the negotiations to be

brought forward. Mr Yanyong said this suggested the EC might be facing some constraints.

The sanctions would be imposed under the EC Council's Regulation No 2461/84, the equivalent of the United States' Section 301. Pressure to penalise Thailand is coming from the European video and audio tape industries which are complaining about unauthorised copying and sales in Thailand.

Mr Yanyong said the penalty could be prohibitive import duties charged on Thai products to compensate for the losses estimated by the EC, or withdrawal of concessionary duty rates granted to Thai exports, estimated to be worth $2 billion annually.

He said before sanctions are imposed, a large number of legal issues remain to be settled. Penalties imposed against Thailand would also arouse resentment among the Thai public and Brussels could be worried that a dispute could jeopardise the Europeans' sales of dairy products and wine in Thailand.

Mr Yanyong suggested these fears might deter the Europeans from imposing tough penalties against Thailand.

The Commerce Ministry's intellectual property rights expert argued that the Thai Government is in no position to make a commitment on deadlines for cracking down on piracy because it is still unclear how adept the counterfeiters are at evading police action.

He also argued that the EC was wrong in claiming that producers of tapes had a justifiable grievance. Mr Yanyong argued that the Berne Convention, the international pact that governs copyright protection, protects the interests of "authors" not "producers".

Copyright Talks 'Complete Failure'

BK3107022592 Bangkok BANGKOK POST in English 31 Jul 92 pp 19, 28

[Text] Two days of talks between Thailand and the European Community (EC) on audio and video tape piracy ended in complete failure yesterday, according to the chief Thai negotiator.

Deputy Commerce Permanent Secretary Kroekkrai Chiraphaet said the EC refused to back down from its position, but he was tight-lipped about details.

The two delegations will consult with their superiors—the Government in Thailand's case and the EC Executive Commission in the Europeans' case—with a response from Brussels expected on Monday afternoon.

Talks at official level were held on Wednesday morning and afternoon between Mr Kroekkrai and the head of the EC's Bangkok-based delegation to Southeast Asia. Yesterday's talks also involved Deputy Commerce Minister Pridiyathon Thewakun and officials from the EC Commission in Brussels.

Earlier this week Thai officials warned of possible EC trade sanctions against Thailand if Bangkok could not meet Brussels' demand for a concrete commitment to cut down piracy by perhaps 40-50 percent within a specific deadline. The Thai officials said Thailand could not make such a commitment because the effect of police action against counterfeiters could not be predicted accurately.

They said Brussels could retaliate by imposing prohibitive import duties on selected Thai products or withdraw import duty concessions under the EC's Generalised System of Preferences (GSP), a programme designed to help Third World exporters gain a foothold in European markets.

The EC Commission's investigation into illicit tape copying arises from a complaint by the industry lodged on June 5 last year. The International Federation of Phonographic Industries, which represents record and tape companies, estimated that European artists and producers had lost 73.3 million European Currency Units (2.3 billion baht) between 1987 and 1990 through the domestic and export sale of pirated tapes made in Thailand.

The Commission accepted the complaint for investigation as an "illicit commercial practice" on July 20 last year, but its own estimate of the loss was ECU 24-47 million (750 million-1.5 billion baht).

The first round of negotiations was held on January 23 and 24 this year in Brussels. Thai officials have described this week's talks as the final round.

Some have suggested the EC might not want to impose excessively harsh sanctions against Thailand for fear that European exports to Thailand, such as dairy products and wine, could suffer retaliation. The total value of Thai trade enjoying EC GSP concessions was two billion baht in 1989.

Asa Discusses Trade Plan With Malaysian Envoy

BK3007150392 Bangkok Voice of Free Asia in Thai 1030 GMT 30 Jul 92

[Text] Tun Abdul Rahim Haji Zainuddin, special envoy of the Malaysian Government, met Foreign Minister Asa Sarasin at the Foreign Ministry today at 0930 for a discussion on the joint economic development plan between the northern states of Malaysia and southern Thailand under the northern growth triangle [preceding three words in English] framework. Foreign Minister Asa reported to newsmen after the meeting that Malaysia proposed the northern growth triangle plan of joint economic development between Malaysia, Thailand, and Indonesia with a purpose of linking up Phuket with Penang, Medan, and Sumatra. The joint development will cover several areas, particularly tourism and agriculture. The Malaysian special envoy has met with several senior Thai officials. Foreign Minister Asa said he believed the plan would benefit the three countries in the long run and will greatly contribute to progress in southern Thailand. He noted that the people in southern Thailand are keen at seeing development of tourism, agriculture, and other areas in the south. The

foreign minister said he proposed to Malaysia that an outsider, such as the Asian Development Bank or the World Bank, should be asked to make a feasibility study on the benefits Thailand, Malaysia, and Indonesia could get from the project. A seminar should be held in order to introduce the private sectors in the three countries to the plan which should get full backing from the respective governments.

Asked what are the areas of economic development and investment under the plan, Foreign Minister Asa said Malaysia mentioned agriculture and tourism. Asa said Thailand should look far ahead by taking into account the AFTA [ASEAN Free Trade Area] plan, which will define ASEAN countries under a specified free trade zone. Thailand must look far ahead and try to forge cooperation among ASEAN countries in trade, investment, tourism and other areas as this will benefit Thailand itself. Asked whether there will be a reopening of the Thai-Malaysian border point at the area called No Man's Land, Asa said he hoped problems between Thailand and Malaysia would be solved. He believed problems will be settled, especially with the free trade zone coming into existence. He said that taxation on several categories of products, such as palm oil, would be introduced. There is at present the problem of palm oil smuggling into Thailand; this problem would be solved eventually under the free trade plan.

Crackdown on Lao Rebels To Foster Vientiane Ties

BK3107010992 Bangkok THE NATION in English 31 Jul 92 p A6

[By Yindi Loetcharoenchok]

[Text] The arrest early last month of seven Laotian hilltribesmen suspected of being members of the anti-Pathet Lao resistance, is the first significant gesture on the part of Thailand in removing the last stumbling block in Thai-Lao relations.

By addressing the issue, Thailand has once and for all sent a strong message to Laos that it has never harboured any ill-will towards the current communist government in Vientiane, and is serious to improve and foster closer ties with its landlocked neighbour.

The same message has been passed on to the ethnic Hmong resistance, indicating Thailand's wish to see an end to the armed struggle carried out by the tribespeople in Laos and Bangkok's readiness to cooperate with Vientiane in suppressing the anti-government insurgency.

For nearly two decades, Vientiane has been pointing an accusing finger at Thailand, and openly and constantly attacked it of providing sanctuaries, training and arms supplies to its ethnic Hmong dissidents. Thailand, on its part, has repeatedly disclaimed all charges of any involvement with these tribal dissidents, saying it supports a policy to befriend all neighbouring states.

In reality, the communist takeover of the three Indochinese states in 1975 alarmed Bangkok, and there was a certain opinion at that time that Thailand would soon be the fourth domino to fall.

The Thai military, which has always been the country's most powerful institution, in the name of national security, used the anti-communist Hmong from Laos to ward off the advance of communism from its northern and northeastern frontier.

After the Pathet Lao took control of Laos in December 1975, waves of tribal refugees mainly Hmong, who were involved in the right-wing movement, fearing persecution from the communist Pathet Lao, began to seek asylum in Thailand by crossing over the Mekong River.

The Thai Army seized the opportunity to provide tacit support and assistance to the group, and the country has been serving as a retreat base and main conduit of external aid, mainly from the United States to the Hmong armed resistance.

There continued to be sporadic antigovernment activities and skirmishes in different parts of the country especially in the remote mountainous border areas with Thailand. These operations, however, did not appear to threaten the stability of the present communist government in Vientiane.

Throughout the past decade, relations between Thailand and Laos have been rough and rocky. But the unexpected rapproachment after the brief bitter war in early 1988 between the two countries over the ownership claim of Ban Rom Klao territory, has opened up a new chapter in bilateral ties.

Now, for the first time both countries have sat down to seriously negotiate their conflicts. They agreed to resort to peaceful approaches in resolving all pending problems and disputes, and to promote and strengthen their relations via exchange of visits and bilateral communications.

Many bilateral difficulties have been overcome since through talks, and both sides have subsequently established several permanent national and local mechanisms to work out their relations and to avoid future clashes and disputes.

The Thai military, meanwhile in the light of the collapse of communism in the post-Cold War world, has developed new thinking in terms of regional peace. The military wants security problems now to be addressed and settled within the context of a regional framework, free from external influence and dictates. Their fear of communism has also been lessened and they have gained more confidence and strength to deal with their communist neighbors as equal partners.

At the same time, Thailand has grown economically and politically to be one of the leading ASEAN states, and the policy of former Prime Minister Chatchai Chunhawan in transforming the Indochinese battle fields into a market place has sent a clear signal to the regional community

that Thailand wishes to see an end to all regional conflicts and armed activities.

The administrations of Prime Minister Anan Panyarachun in the Anan I and Anan II Cabinets were fast to cash in on the opportunity and have successfully implemented Chatchai's policy. The signing of the Cambodian Peace Agreement in Paris last October cemented things in Indochina.

Concurrently, the long mistrust between Thailand and its other neighbour Vietnam, had been lessened and both countries began frank dialogues to resolve their conflicts of interest and to promote closer ties and cooperation. In 1979, the Vietnamese-backed Heng Samrin regime ousted the Khmer Rouge, which had been ruling Cambodia since 1975. But while Thai relations with Vietnam and Cambodia have been improving, Laos however has cast strong doubts and suspicions on Thailand over the issue of anti-Pathet Lao resistance.

Senior Thai military and government officials admitted during recent interviews that unless the problem is tackled, the two countries will always be locked in mistrust and verbal warfare. Laotian Ambassador to Thailand Bounkeut Sangsomsak also came up with the same opinion saying that thorny issue of the anti-Pathet Lao resistance remained the only obstacle in the two countries developing a wholehearted friendship and trust in each other.

The decision to go down hard on the movement came when Thailand wished to clear its own house, which has been a temporary home to over half a million refugees from Indochina, a large majority of whom are ethnic Hmongs from Laos.

The acts of terrorism by the armed Hmong hiltribesmen from their border sanctuaries along the Thai-Lao frontier have often embarrassed the Thai authorities, especially since many were carried out during the time when high-level delegations were visiting each other's countries.

The last straw for Thailand came when the resistance group created some violent disturbances in a remote town while His Royal Highness Crown Prince Maha Wachiralongkon represented Their Majesties the King and Queen on a seven-day state visit to Laos in June. The resistance had earlier staged similar acts of insurgency when Laotian President Kaysone Phomvihan was on a state visit to Thailand early this year.

The police raid and arrest of the seven Hmong suspects on July 12 was a "planned strategy" with the official endorsement coming from the National Security Council.

Ambassador Bounkeut said Vientiane was happy with the Thai move as it was the first "concrete and important step" of the policy the two countries had agreed to three years ago, in their cooperation to suppress the resistance group.

"It (the arrest) shows that Thailand is serious about the matter and sees it as the real obstacle to the bilateral relations. If the two countries can resolve the problem (of resistance movement), then the suspicion will disappear," said the envoy.

The Thai Army and government officials, meanwhile, reiterated Thailand's policy of not supporting any armed dissidents. They said Bangkok is serious in maintaining good ties and economic cooperation with Vientiane, and in expressing sincerity, Thailand has often tried to convince Laos to accept back the Hmong refugees repatriated from the Thai border camps.

While suspicion is being slowly removed, the Hmong resistance will not easily and totally abandon its anti-government activities, as it still holds a strong grudge against the present communist administration in Vientiane and continues to receive strong support and assistance from Hmong exiles, who have been resettled in third countries.

Vientiane on its part also has to show its sincerity in finding a durable solution to the problem of disssidents. The Laotian amnesty, first announced by the then President Prince Souphanouvong in his 1980 New Year message, to all members of the resistance group except for the top 31 members has failed to convince the Hmong rebels to abandon their armed struggle.

The Laotian government has to prove that along with its steady success in economic reforms, it can manage to develop more confidence and strength in proceeding with more extensive reforms including those of political in nature, at a later date. In doing so, Vientiane will deride the resistance, and there will be no justification in overthrowing the government.

Agreement With Laos on Refugee Repatriation

BK2907121392 Bangkok Voice of Free Asia in Thai 1030 GMT 29 Jul 92

[Text] Lieutenant General Anuson Kritsanaserane, director of the Supreme Command Information Office, disclosed yesterday that the Thai and Lao Governments and representatives of the office of the UN High Commissioner for Refugees [UNHCR] have agreed during a consultative meeting on the continuation of the repatriation of Laos refugess. Thailand plans to close Lao refugee camps from between late 1992 and early 1993. Meanwhile, the remaining Cambodian refugees will all be sent back to Cambodia by the end of March next year. The closure of the seven Cambodian refugee camps will be made between August and September.

He said that the Interior Ministry plans to close the Lao refugee camp at Ban Winai in Loei Province and the camp in Chiang Kham District of Phayao Province between late this year and early next year. The Lao refugee camp at Na Pho village in Nakhon Phanom Province will be the only Lao refugee camp to remain open in Thailand.

Touching on the situation along the Thai-Lao border, he revealed that no incident detrimental to the relations between the two countries took place during the period under review. The Lao Government, however, has been strict with the Lao citizens who wish to come to work in Thailand for fear that they might join the antigovernment movement and be sent back to create unrest in Laos.

Lt. Gen. Anuson Kritsanaserane disclosed that robbery by Cambodian bandits, war weapons trade, and the smuggling of stolen cars and motocycles from Thailand to Cambodia are still rampant along the Thai-Cambodian border. In this regard, the armed forces have cooperated with the Border Patrol Police and Cambodian authorities in setting up more checkpoints and conducting freqent patrol missions. As of July, a total number of 308,501 Cambodian refugees remain in the seven Cambodian refugee camps. After the complete repatriation of Cambodian refugees, the seven camps will be closed from August or September. The sites of the camps will be later turned into forested areas, settlements for the Thai people, and agricultural experiment stations.

The repatriation of Cambodian refugees has been delayed due to road damage caused by heavy rains. At the request of the office of the UN High Commissioner for Refugees, the Air Force has decided to use C-130 aircraft to transport Cambodian refugees from Watthananakhon Airport in Prachin Buri Province to Pochentong Airport. The UNHCR Office will pay for the cost of transportation now being calculated by the Thai side.

Arms for Burmese Rebels Seized Along Border

BK3107015192 Bangkok BANGKOK POST in English 31 Jul 92 p 3

[Text] Prachin Buri—Two men were arrested in Ta Phraya District yesterday morning with a large quantity of ammunition believed to be destined for minority groups operating against the Burmese government along the Thai-Burmese border.

Zone 12 Border Patrol Police commander Pol Col Seksan Unsamran said the ammunition was discovered after police stopped a truck laden with sacks of animal feed at a checkpoint at Ban Fao Rai, about one kilometre from the Thai-Cambodian border.

Police found the ammunition under the sacks. It included 120mm, 82mm and 60mm mortar rounds, 75mm recoilless gun rounds RPG rockets, M79 and M26 grenades, gunpowder and 20,000 rounds of M-16 and AK-47 ammunition.

Police arrested truck driver Wichai Saenchai, 24, of Mae Sot Province, and his assistant Chong Satho, 30, of Prachin Buri's Sakeow District.

The three allegedly confessed to have bought the ammunition from Cambodian soldiers of the Khmer People's National Liberation Front and that it would be sent on to Tak province.

From Tak, the ammunition was to be sent across the border to Burmese minority groups, they said.

Editorials Comment on ASEAN Policies

Policy Review on Burma Urged

BK2907045592 Bangkok THE NATION in English 29 Jul 92 p A6

[Editorial: "ASEAN Should Disengage Itself From Burma's SLORC]

[Text] On Sunday at the 25th ASEAN Ministerial Meeting in Manila, US Secretary of State James Baker admonished the regional grouping's "constructive engagement" policy with Burma, saying "collectively our message to the Burmese military authorities must be loud and clear: Release all political prisoners immediately and begin a genuine dialogue aimed at rapidly transferring power to a democratically elected government."

This is a clear indication that Burma's future integration with ASEAN, without any improvement or democracy and human rights, could strain the grouping's relationship with the West.

ASEAN's excuse all this while for maintaining "constructive engagement" with Burma is that the brutish State Law and Order Restoration Council (SLORC) will become less of a monster if it is given the incentive of an improving economy. The grouping's stand put forward at the January summit in Singapore asserts that poor neighbours are no asset to anyone. The problems of the poor are likely to spill over in the form of refugees, illegal migrant workers, smuggling and black markets. Therefore, helping neighbours to become prosperous is mutually beneficial to ASEAN.

In a rebuttal to Secretary of State Baker's admonishment, Thai Foreign Minister Asa Sarasin said ASEAN had discerned "some positive developments" within Burma. These, he said, included a recent leadership change, the release of some political prisoners and talks between the military and opposition leaders indicating that Burma "may be going in the right direction".

Asa also said Burma had shown interest in becoming an observer at ASEAN ministerial meetings and had signalled a willingness to sign the ASEAN Treaty of Amity and Cooperation, seen as a prelude to full ASEAN membership. "We do believe that we should encourage them (Burma) to move in the right direction," he added.

It would be best served to remind ASEAN that Burmese repression has lasted for the past 30 years, since General Ne Win took over power in 1962 in a military coup that ended parliamentary democracy. The economic effects of his "Burmese Way to Socialism" cruelly transformed one of Asia's richer nations, endowed with educated people and natural resources, into one of the world's poorest.

The SLORC military junta formally took over power in September 1988, after an estimated 2,000 people were killed when the military crushed pro-democracy demonstrations led by students. Under SLORC, the military jailed thousands of dissidents and anyone else who directly or indirectly challenged its rule. An election called in 1990, produced a landslide victory for the opposition National League for Democracy, but the army ignored the vote and detained hundreds of opposition politicians, including Aung San Suu Kyi who won the Nobel Peace Prize last year. Alone and determined, Suu Kyi last week began her fourth year under house arrest for defying Burma's generals and daring to stand up for democracy.

The "some positive developments" that Foreign Minister Asa points to occurred in April when Saw Maung, the leader of SLORC, was replaced by another military man, General Than Swe, and when the government released 180 minor opposition figures from Rangoon's Insein prison, while thousands still languish in jail. The talks Asa refers to between the military and opposition leaders indicating that Burma "may be going in the right direction", were the dialogues SLORC began late in June with the opposition, saying that they were a prelude to a formal constitutional convention and the convening of a bicameral parliament.

ASEAN should not be blind to the fact that SLORC wants to create a Burmese parliament similar to that of China's National People's Congress in which hundreds of representatives of many ethnic groups would attend, but would lack any real power.

Also, ASEAN must not forget that besides the human rights abuses against ethnic minorities, students and members of opposition political parties, the latest targets of Burmese military atrocities are the Muslims from Arakan state in western Burma.

Since late 1991, these Muslims known as Rohingyas, have been streaming into neighbouring Bangladesh at the rate of several thousand a day with stories of rapes, killings, slave labour and destruction of mosques and other acts of religious persecution. By mid-March, the Bangladeshi government had registered over 200,000 refugees and the exodus is continuing till today.

We now have to ask this very important question: Does ASEAN really think it can put the Burmese junta on the righteous path through its continuing policy of "constructive engagement"? Can leopards be asked to change their spots?

Clearly, ASEAN and several Asian countries hold the key to any effective international strategy to exert pressure for an end to human rights violations in Burma. Burma's major trading partners include China, Thailand, Singapore and Japan. Asian nations that have supplied SLORC with arms or strategic materials reportedly include Singapore and South Korea. China is also responsible for keeping SLORC in power and for subsidizing its repressive rule through arms sales.

ASEAN's "constructive engagement" would be better spent with the opposition as the brutish SLORC is not expected to last forever. Already, the signs are there. According to diplomats based in Rangoon, there is an increasing frustration among younger military officers, and they seem committed to get out of the halls of government.

Thailand too, in its bid to improve its image abroad after the May bloodbath, must have a vision of social justice at home and a moral commitment abroad. It is not enough just having honest caretakers running the country till the Sept 13 general elections. Thai entrepreneurs too have to be shown that they are destroying their neighbour's environment after rapaciously depleting everything in their own home.

Diplomacy on Spratlys Praised

BK3107021192 Bangkok BANGKOK POST in English 31 Jul 92 p 4

[Editorial: "ASEAN Shows Maturity in Handling of Spratlys"]

[Text] The Association of Southeast Asian Nations (ASEAN) can claim some credit for defusing the tension stemming from rival claims by China and Vietnam to a sizeable patch of oil-rich marine territory in the South China Sea. There has been no public contest of claims by Peking and Hanoi since the ASEAN foreign ministers issued the ASEAN Declaration on the South China Sea on July 22, during their 25th annual meeting in Manila. This calm could indeed be tactical on the part of both claimants. China, which is against internationalising the issue, may wish to wait for the dust to settle before it tackles the facts of the case bilaterally with Vietnam. Hanoi, for its part, could not but express "full support" for a declaration upholding the principles of a treaty to which it had just become a party.

China fuelled the dispute by giving oil exploration rights to an American company in an area Vietnam claims is part of its continental shelf. Both lay claim to all of the Spratly Islands in the South China Sea. Whatever the Asian masters of negotiation may have up their sleeves, there was no lack of shrewdness on the part of the ASEAN foreign ministers in their move on the matter.

The foreign ministers issued an ASEAN Declaration on the South China Sea that calls on states to refrain from any use of force and apply self-restraint and the principles contained in the group's Treaty of Amity and Co-operation in Southeast Asia as "the basis for establishing a code of international conduct" within the area. With this one shot, foreign ministers of the six-nation grouping hit several targets, without in essence investing a great deal. They met widespread expectations for them to do their regional duty and obtained international support or praise for it—notably from the foreign ministers of Australia, Japan and the United States.

They appealed to Asian "kinship", and "traditions", and warned of danger to regional stability in the event of

"adverse developments" in the South China Sea. They also improved the clout of ASEAN by arguing for its fundamental "peace charter" to be the basis of an international code of conduct. They showed that their Treaty, signed in Bali in 1976, remains relevant today, sixteen years later. The Treaty however, draws on the spirit and principles of the United Nations Charter and it is therefore almost impossible for civilised members of the international community to reject it. The Treaty advocates peaceful coexistence through mutual respect for independence and sovereignty, non-interference, avoidance of the use of force and negotiated settlement of disputes.

The foreign ministers, by issuing a signed declaration of principles and inviting "concerned parties" to subscribe to it, also achieved an important milestone for their first formal discussion of security issues.

Vietnam and China are joined by Taiwan in laying claim to all the Spratly islands, atolls and reefs. Three ASEAN states—Brunei, Malaysia and the Philippines claim parts of the area. The Declaration marked ASEAN's first formal step on the issue. For the time being, this laying down of principles seems to be the most that the regional group can do in a complex situation that involves some of their own member states as well as two allies, who are differently appreciated.

But ASEAN may have to rise to the occasion to do more, as it has done for Cambodia in the past. Even if the Sino-Vietnamese dispute is bilaterally solved, there are all those other "overlapping" claims which are potentially destabilising to the region and which are of ASEAN's direct concern. Already, United States Secretary of State James Baker has pointed in this direction, saying ASEAN is "particularly well-suited" to play a role in the Spratly disputes because of its performance in Cambodia.

Individual member states for the time being may be reluctant. Indonesian Foreign Minister Ali Alatas, who co-chaired the Paris International Conference on Cambodia, has made it clear that Indonesia intends to play no mediating role on the Spratlys. He said Indonesia's contribution lay in creating a "climate" conducive to settlements. Indonesia has hosted three informal workshops on managing potential conflicts in the South China Sea since 1990.

Since non-claimant Indonesia seems to feel that it has done its part, it may fall on the two remaining ASEAN non-claimants, Thailand and Singapore, to do theirs.

But insofar as the Sino-Vietnamese dispute is concerned there may be no need for any of this as China seems determined to obtain a bilateral settlement. Moreover, there is hope that an unwritten truce which now holds will continue until Chinese Prime Minister Li Peng visits Vietnam in the autumn.

Publicly, both China and Vietnam seem to care about the state of their relations, normalised last November after arduous effort. Vietnam would not want a repeat of the losses it incurred in the flare-up in 1988. China's choice of an American company as concessionaire in the disputed area is seen as no accident as Hanoi seeks to normalise relations with the US.

Both have expressed varying degrees of support for ASEAN's latest declaration for a peaceful negotiated settlement. Though nothing is irreversible, Vietnam and China have to observe a certain etiquette with ASEAN, with their respective observer and consultative relationships. ASEAN can build on this to develop some leverage when there is need for it.

Vietnam

Red Cross Condemns Killings of Viets in Cambodia

BK3007155592 Hanoi VNA in English 1440 GMT 30 Jul 92

[Text] Hanoi VNA July 30—The Vietnam Red Cross Society has sent a statement to Prince Norodom Sihanouk, president of the Supreme National Council (SNC) of Cambodia, condemning a group of the armed Khmer reactionaries for their barbarous massacre of two Vietnamese families in Kampot Province, Cambodia.

On behalf of its 3 million members, the Vietnam Red Cross called on the prince himself and the Red Cross people of Cambodia to give humanitarian assistance to foreign nationals who were living and working in Cambodia, especially to protect the lawful right to life of the Vietnamese residents so that the people of Vietnam and Cambodia can soon rebuild their respective countries in prosperity, friendship and durable peace in the region.

Overseas Commission Condemns Killings

BK3107061392 Hanoi VNA in English 0601 GMT 31 Jul 92

[Text] Hanoi VNA July 31—The Central Overseas Vietnamese Commission has issued a statement condemning the recent massacre of two Vietnamese families in Kampot Province, Cambodia, by armed Khmer reactionaries.

The statement said: "This barbarous act is a serious breach of the Paris agreement on Cambodia and international conventions on human rights which all Cambodian factions have committed themselves to honour. It is also a defiance to international law on the right of foreign residents to legally and normally earn their living on the territories of other countries.

"The central overseas Vietnamese commission demands that the Cambodian Supreme National Council, the State of Cambodia and the UNTAC [United Transitional Authroity in Cambodia] in Cambodia urgently investigate this massacre, duly punish the killers and take effective measures to prevent all criminal acts against Vietnamese residents in Cambodia, guarantee their legitimate interests and the normal life like all other nationals in Cambodia".

Defense Minister Greets Chinese Army Anniversary

BK3007151892 Hanoi VNA in English
1440 GMT 30 Jul 92

[Text] Hanoi VNA July 30—Minister of national defence, Gen Doan Khue, has sent a message of greetings to his Chinese counterpart, senior lieutenant-general, Qin Jiwei, on the 65th anniversary of the Chinese People's Liberation Army (August 1st).

The message wishes for the constant consolidation and development of the friendship and mutual understanding between the two peoples and armies.

Russian Vice President Visits Power Plant

BK3007153092 Hanoi VNA in English
1453 GMT 30 Jul 92

[Text] Hanoi VNA July 30—A visiting delegation of the Russian Government led by Vice-President V. A. Makhardze called on the Hoa Binh hydro-electric power plant today.

The plant, construction of which started in 1979 on the Da River, 70km southwest of Hanoi, with Soviet assistance, was installed with four generator units with a capacity of 240 megawatts. The fifth one has been installed, and is expected to be put into operation soon.

The Russian delegation arrived here on July 28 to attend the first session of the Vietnamese-Russian intergovernmental commission for economic, trade, scientific and technical cooperation.

Do Muoi Attends War Invalids Day Conference

BK3007130192 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Jul 92

[Text] On the occasion of the 45th anniversary of War Invalids Day, on 24 July the Hanoi Municipal Party and People's Committees and the capital Labor, War Invalids and Social Welfare Office jointly organized a conference to commend good people and good deeds in the movement to care for war invalids and families of fallen soldiers.

Attending the conference were Comrade Do Muoi, general secretary of the Communist Party of Vietnam [CPV] Central Committee; Comrade Vo Chi Cong, chairman of the Council of State; Comrade Pham The Duyet, member of the CPV Central Committee Political Bureau and secretary of the Hanoi Municipal Party Committee; Comrade Le At Hoi, chairman of the Hanoi People's Committee; and representatives from ministries, sectors, branches, and mass organizations in Hanoi.

Also attending the conference were 120 persons representing war invalids and families of fallen soldiers who have been selected as good people with good deeds, exemplary citizens, and exemplary revolutionary families from wards and districts in the capital. These people are war invalids and families of the fallen soldiers who have given meritorious services to the heroic revolutionary struggle, productive labor, and national construction.

The conference heard delegates report on their tasks and contributions to the movement for the good people and good deeds.

Addressing the conference, General Secretary Do Muoi said: The campaign to commend good people and good deeds manifests our people's tradition of pure loyalty, love, and righteousness. The task of caring for war invalids, families of fallen soldiers, and those who have had meritorious services to the revolution, is the duty of the entire party and people. He further said: It is necessary to urge all sectors, echelons, and people throughout the country to contribute their energy and property to help war invalids, families of fallen soldiers, and those who have had meritorious services to the revolution. The labor, war invalids, and social welfare sector must bring its functions into full play to expand its activities to fulfill the task in accordance with lines and policies of our party and state.

The general secretary stressed: To truly commemorate the 45th anniversary of War Invalids Day, the entire party, people, armed forces, and all war invalids, families of fallen soldiers, and those who have given meritorious services to the revolution in Hanoi and throughout the country, must strengthen unity to strive to fulfill esteemed Uncle Ho's teachings to provide help and improve the material and spiritual life of war invalids and families of fallen soldiers so that they may continue to work for our society.

On this occasion, the conference commended and awarded certificates to 13 individuals and nine units who have had outstanding performances in the movement to care for war invalids and families of fallen soldiers in Hanoi.

Asian Technology Institute Plans Center in Hanoi

BK3007012592 Bangkok BANGKOK POST in English
30 Jul 92 p 21

[By Suphaphon Kanwirayothin]

[Text] Hanoi—The Asian Institute of Technology (AIT) has finalised a master plan for an AIT Training and Research Centre in Vietnam, which could begin operations in May next year.

The Vietnamese Government has scheduled a meeting for July 30 among the eight government agencies involved to discuss the master plan and will submit its counter-proposal in mid-August.

The present timetable envisages a memorandum of agreement between the AIT and the Vietnamese Government being concluded by September and the training and research centre headquartered in Hanoi opening next May.

At the same time, a management training course in the southern commercial centre of Ho Chi Minh City, for which the AIT will act as executing agency, will also commence next May.

Vietnam is focussing on human resources development in preparation for a substantial international aid inflow anticipated next year when the US Government lifts its embargo.

Vietnam has listed its priority fields for training requirements as being economics, management, agricultural engineering, especially post-harvest and farming systems, industrial engineering, environmental engineering and English language training for higher education.

AIT vice-president for development Suwait Yotmanae was in Hanoi for five days to follow up on progress of the plan for the AIT Training and Research Centre, which will have a branch in Ho Chi Minh City.

The master plan, which was presented to high-ranking Vietnamese officials during Dr Suwit's visit, outlines activities to be undertaken for four years, covering aspects such as facilities, practical operation and implementation stages.

At the end of May, the Vietnamese Government formally gave permission for the establishment of an AIT Centre in Vietnam as an international organisation and appointed the Ministry of Education and Training as the Vietnamese counterpart.

Meanwhile, the Swiss-funded activities of the management training centre are aimed at re-training 120 teaching staff mainly from four universities—Hanoi's Polytechnic and Economic Universities and Ho Chi Minh City's Polytechnic and Economic Universities over three years. The training centre will be at the Ho Chi Minh City Polytechnic University.

The course provides for a one-year intensive diploma in business management, with half of the people finishing the course continuing on to a Master's degree at regional training institutions.

Though originally a bilateral project between Switzerland and Vietnam, the project may eventually be integrated into the AIT centre in Vietnam.

The Government of Finland is expected to be the major donor for the AIT Training and Research Centre in Hanoi and will finance renovation of the former Ministry of Education building and give scholarships to 30 Vietnamese teaching staff each year.

The renovation cost is estimated at US$860,000 but the AIT and Vietnam are yet to wrap up negotiations on the issue of AIT sites in Hanoi.

While the AIT intends to conduct non-degree programmes in Hanoi over the first four years of operation, Vietnam's Ministry of Education and Training has strongly indicated its desire for degree programmes to materialise before the four years lapse.

One senior Vietnamese official explained that Hanoi wanted to develop master's degree education in the country by using the AIT degree course as model.

There are about 300 AIT-educated Vietnmaese working in various places throughout the country.

Besides training activieis, the AIT is looking into the possibility of involvement in feasibility studies, with one suggestion being coastal resources management, said Dr Suwait.

In Hanoi, Dr Suwit held talks with First Vice-Minister of Education and Training deputy Prof Pham Minh Hac, deputy Foreign Minister Le Mai and Vice-Minister for Agriculture and Food Industry Ngo The Dan.